2013 ANNUAL REPORT
CITY OF ST. ALBERT

FOR THE YEAR ENDED DECEMBER 31, 2013

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City of St. Albert, Alberta, Canada
2013 Annual Report, for the year ended December 31, 2013
Prepared by: Corporate Strategic Services Division and Financial Services

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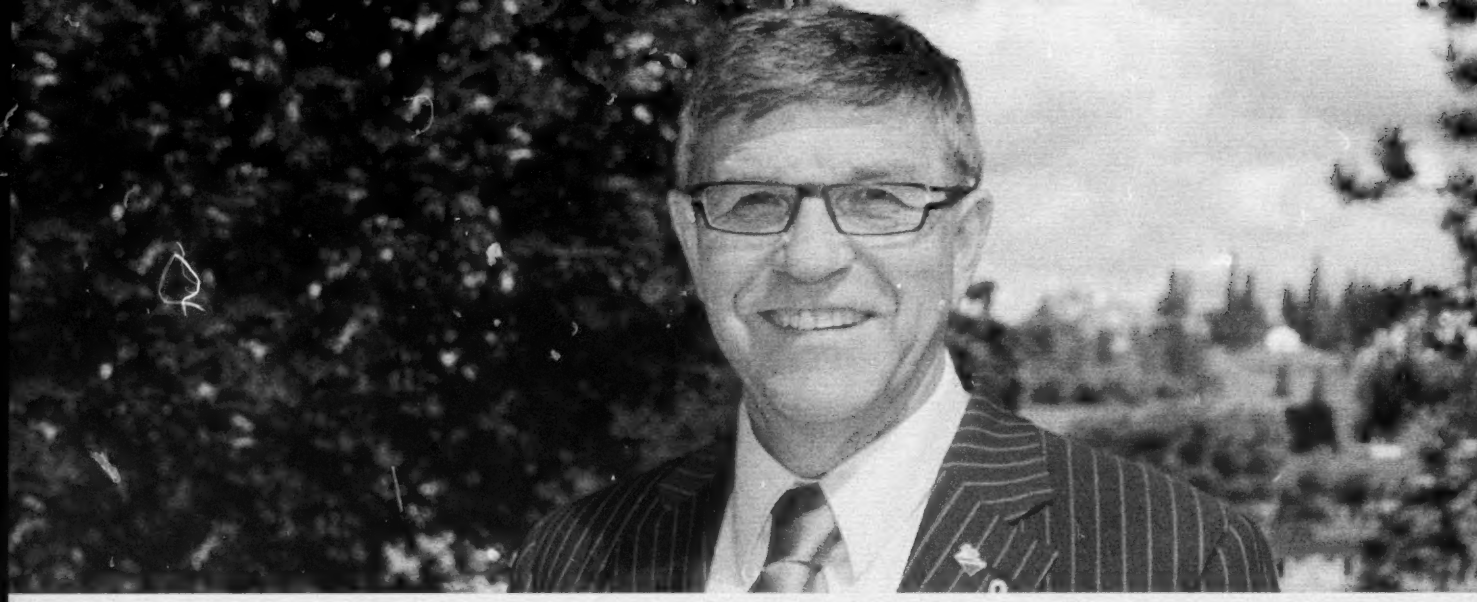
INTRODUCTION

The City of St. Albert is pleased to present its 2013 Annual Report, which provides an overview of the City's various corporate and financial accomplishments throughout the year. These accomplishments are based on City Council's Goals and Priorities outlined in the report and the City's audited financial statements.

The Annual Report is divided into three sections:

1. **Introductory Section** – provides messages from the Mayor and City Manager, an overview of the City of St. Albert, including its municipal profile and government structure, and a Year in Review which provides an overview of key corporate activities and accomplishments based on City Council's Goals and Priorities. A discussion and analysis of the financial statements is also included to enhance the reader's understanding of the City's fiscal results and overall condition.
2. **Financial Section** – provides the Management and Auditor Reports and presents the audited financial statements including related notes and schedules.
3. **Statistical Section** – provides a summary of various financial and general statistics.



MESSAGE FROM THE MAYOR

On behalf of City Council, it is my pleasure to present the City of St. Albert's 2013 Annual Report. St. Albert, the Botanical Arts City, was recently selected the Number 1 Best Place to Live in Canada by MoneySense Magazine. Our city has been near the top of the list for the past few years, but this year the community earned the top spot.

This honour reflects the high quality of life we enjoy in St. Albert; it is clear acknowledgment by a third party publication of something residents have known about the city. Our city is a special place, home to many creative people and innovative businesses. We live in harmony with the natural beauty all around us, enjoy outstanding arts and culture, amazing architecture, great sports and recreation, and a tremendous sense of community.

Our City Administration offers a wide range of outstanding products, services and supports to residents and businesses. City staff are committed to anticipating, meeting and exceeding the expectations of our community in an efficient and cost-effective manner.

Council is elected to represent and embody the values of our community. Our Council Goals and Priorities guide the work we do on behalf and for the benefit of our residents.

In 2013, Council continued to focus on four goals: economic development, community development, environment and governance.

Economic Development

We took several positive steps forward in our 20-Point Economic Development Action Plan. A highlight was opening the third stage of Ray Gibbon Drive, which Council funded to help spark development in the west area of our city. We also transformed the St. Albert Economic Development Advisory Committee into the Economic Development Advisory Board, which focused on two priorities of its own:

- a business retention and expansion strategy; and
- a business attraction strategy.

Council directed Administration to develop a SMART City Centre of Excellence Master Plan, which is underway and which will lead to the formation of a SMART City Alliance with partners in industry and post secondary education.

Community Development

Council approved funding for building rehabilitation and program expansion for the 50+ Club. Council also approved a policy to guide the Capital Partnership Program and a bylaw to form an Advisory Committee for the program. It is hoped the program will lead to increased opportunities for community growth. An affordable housing policy was also approved, which is intended to help the community achieve a wider range of housing options.

Environment

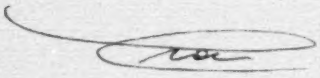
Several steps were taken by Council to further support our goal on the environment. Council approved a Greenhouse Gas Local Action Plan, which will ensure energy use at City buildings is audited, benchmarked and measured. Council also agreed to appoint a representative to participate on the Sturgeon River Watershed Municipal Partnership, which started its work with a focus on watershed planning.

Governance

Council gave its approval for the City to undertake comprehensive public engagement on Community Sustainability, which will be fully funded by the Canada Federal Gas Tax Fund. Council also received the recommendations of the Municipal Governance Review Committee, which involves possible revisions to policies and committee structures that will be dealt with in 2014. Council approved the Heritage Management Plan to protect historic resources, a new Animal Bylaw to promote responsible pet ownership and an Off-site Levy Bylaw update to address infrastructure needs in new developments.

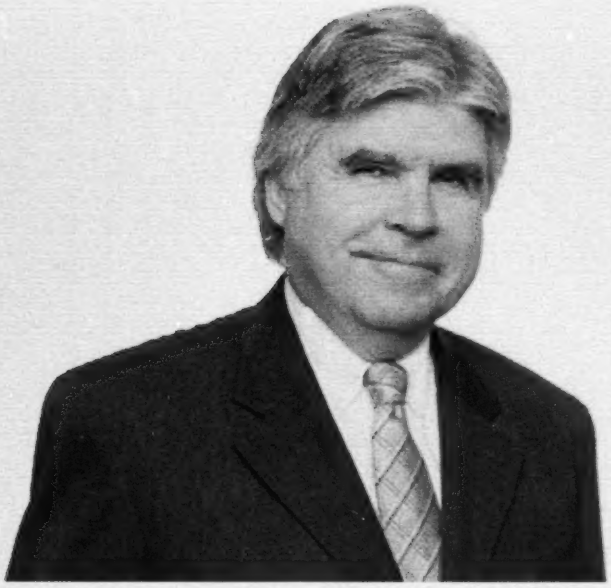
On behalf of Council, I would like to thank Len Bracko, Roger Lemieux and Malcolm Parker for their commitment to public service during their term as councillors between 2010 and 2013.

Council looks forward to continuing its work to Cultivate Life for all St. Albert residents, businesses and visitors to our exceptional city.



Nolan Crouse

Mayor of St. Albert | The Botanical Arts City



MESSAGE FROM THE CITY MANAGER

On behalf of Administration, it is my privilege to present the City of St. Albert's 2013 Annual Report to Council and the community.

During 2013, Council set clear goals for the City in four areas: economic development, community development, the environment and governance. Over the course of the year, Administration undertook a variety of initiatives to support Council's direction in each of these areas.

Economic Development

The City worked closely with investors and developers to bring several major projects to St. Albert. Examples include the Great West Life Corporation's light industrial development in South Riel and the Albert Gaming and Liquor Commission's new warehouse in Campbell Industrial Park. City staff also supported implementation of Council's 20-Point Economic Development Plan in a number of ways, including completion of a retail market analysis and development of a SMART City Alliance concept. Administration hosted its annual Economic Development Business Breakfast, provided workshops for city businesses and conducted a survey to gauge the need for improved Internet service in the city's two business parks. A number of studies were done to support planning for downtown development initiatives. City staff worked on developing a resident attraction plan, a SMART City Master Plan and completed the majority of the planned upgrades to Veness Road. Administration also participated in a number of regional initiatives, including the Capital Region Export Development Alliance (CREDA).

Community Development

Administration developed St. Albert's Social Master Plan, Cultivating the Community, which was presented to Council in the spring. To support the master plan, a workshop was held for community groups, at which presentations were made and discussions held on values, goals and strategic actions. Administration also worked with potential partners to foster interest in the construction of a new medical facility in the city. The City continued to host another successful International Children's Festival and worked with a youth committee to plan the Amplify Youth Festival, which will be launched next year. The City's Arden Theatre celebrated its 30th anniversary, the St. Albert Children's Theatre mounted its most popular production ever, and three pieces were added to the City's Art in Public Places collection.

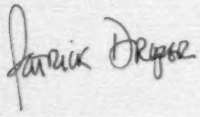
Environment

Continuing to beautify the City and protect the community were the drivers for the development of a functional-art safety fence and grate for the outfall on Mission Avenue. The City also built two grit interceptors to minimize the amount of sediment flowing into the Sturgeon River. Check dams were installed to help control erosion in Grandin Ravine and City staff worked with a community advisory committee on developing the White Spruce Park Management Plan. The City also worked with the Environmental Advisory Committee to engage the community in updating the Environmental Master Plan.

Governance

City staff worked to align the corporate strategic framework with the community visioning and sustainability planning efforts. We took steps to coordinate our corporate branding efforts and website presence, with the intention of more clearly and consistently identifying and sharing information from the City. We also developed a set of performance indicators as part of their corporate reporting activities. Administration continued to foster partnerships with community groups, signing a long-term lease with the St. Albert Nordic Club, working to secure space for Fastball St. Albert and collaborating with the St. Albert Chamber of Commerce on enhancing the Partners in Parks project.

Administration remains committed to meeting the goals set out by Council. We look forward to continuing our work to deliver outstanding programs and services to residents and businesses in our community.



Patrick Draper

City Manager

CITY PROFILE

One of the most beautiful cities in Alberta, St. Albert has long been recognized as a community of choice with its picturesque landscape, celebrated parks and trail system, state of-the-art amenities, inviting neighbourhoods with tree-lined streets, lively arts and culture, and outstanding attractions and events. Established in 1861, St. Albert is steeped in history and is the oldest non-fortified community in Alberta. Today, St. Albert is a vibrant city with a population of 61,466*.

With direct access to resource development in northern Alberta, excellent transportation networks and a highly educated workforce, St. Albert is positioned to attract clean industry, with a focus on professional, scientific and technical services and "green" industries that match the Botanical Arts City brand.

GOVERNMENT STRUCTURE

The City of St. Albert's mandate is to provide various social and recreational programs, protective services, transportation systems, public utilities, and other local services to the community. The municipality consists of two branches – a legislative branch (comprising City Council), and an administrative branch (led by the City Manager).

City Council provides strategic direction to Administration through a variety of plans, bylaws, policies and other governance processes.

City Council consists of a Mayor and six Councillors. Council is elected at large by residents to serve a four-year term and governs in accordance with powers granted under the *Municipal Government Act.*

*2011 Federal Census

CITY COUNCIL

October 2010 - 2013 elected Council members:

Mayor Nolan Crouse, Councillor Len Bracko, Councillor Wes Brodhead, Councillor Cathy Heron, Councillor Roger Lemieux, Councillor Cam MacKay, Councillor Malcolm Parker

October 2013 elected Council members:

Mayor Nolan Crouse, Councillor Wes Brodhead, Councillor Cathy Heron, Councillor Sheena Hughes, Councillor Cam MacKay, Councillor Tim Osborne, Councillor Gilles Prefontaine

CITY COUNCIL, MISSION, VISION AND VALUES

City Council's Vision, Mission, and Values provide Administration the foundation to make recommendations to Council and to guide Administration's decisions. The Vision describes the type of city that Council wants St. Albert to become; the Mission describes the Council's purpose; the Values define how Council will carry out decisions and actions.

VISION

As the Botanical Arts City, St. Albert is recognized throughout the region as a vibrant and thriving urban centre with a strong sense of community.

MISSION

Represent the citizens of St. Albert, make decisions in the best interest of the entire community and ensure the corporation delivers results that will help sustain a high quality of life for St. Albertans.

VALUES

Community

Consider the best interests of the community.

Engagement

Engage residents and stakeholders in City Council and community matters.

Integrity

Behave consistently with our values.

Respect

Respect and consideration for all people and their perspectives.

Stewardship

Stewardship of community resources.

Trust

Earn and retain trust.

Understanding

Understand the issues – be inquisitive, informed and prepared.

Acceptance

Accept the diversity of opinions and skill sets of Council members.

Forward Thinking

Employ a forward-thinking mindset when faced with decisions that impact the long-term sustainability of the community.

ADMINISTRATION

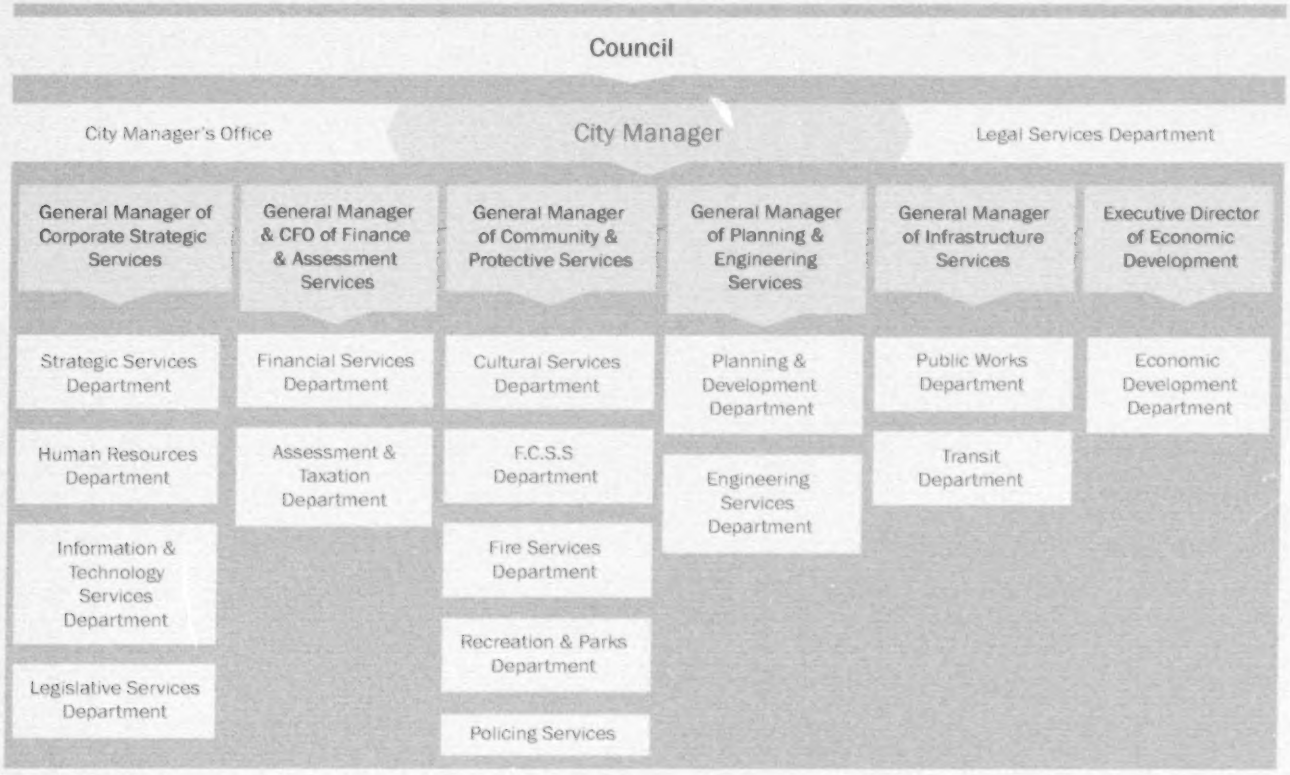
City Administration is led by an appointed City Manager.

The Senior Leadership Team serves as the organization's executive administration and provides strategic direction. It has the following members:

- City Manager
- General Manager of Corporate Strategic Services
- General Manager & Chief Financial Officer of Finance and Assessment Services
- General Manager of Community & Protective Services
- General Manager of Planning & Engineering Services
- General Manager of Infrastructure Services
- Executive Director of Economic Development

A broader Leadership Team, comprising the department leads, provides essential support and operational direction. It is made up of department directors.

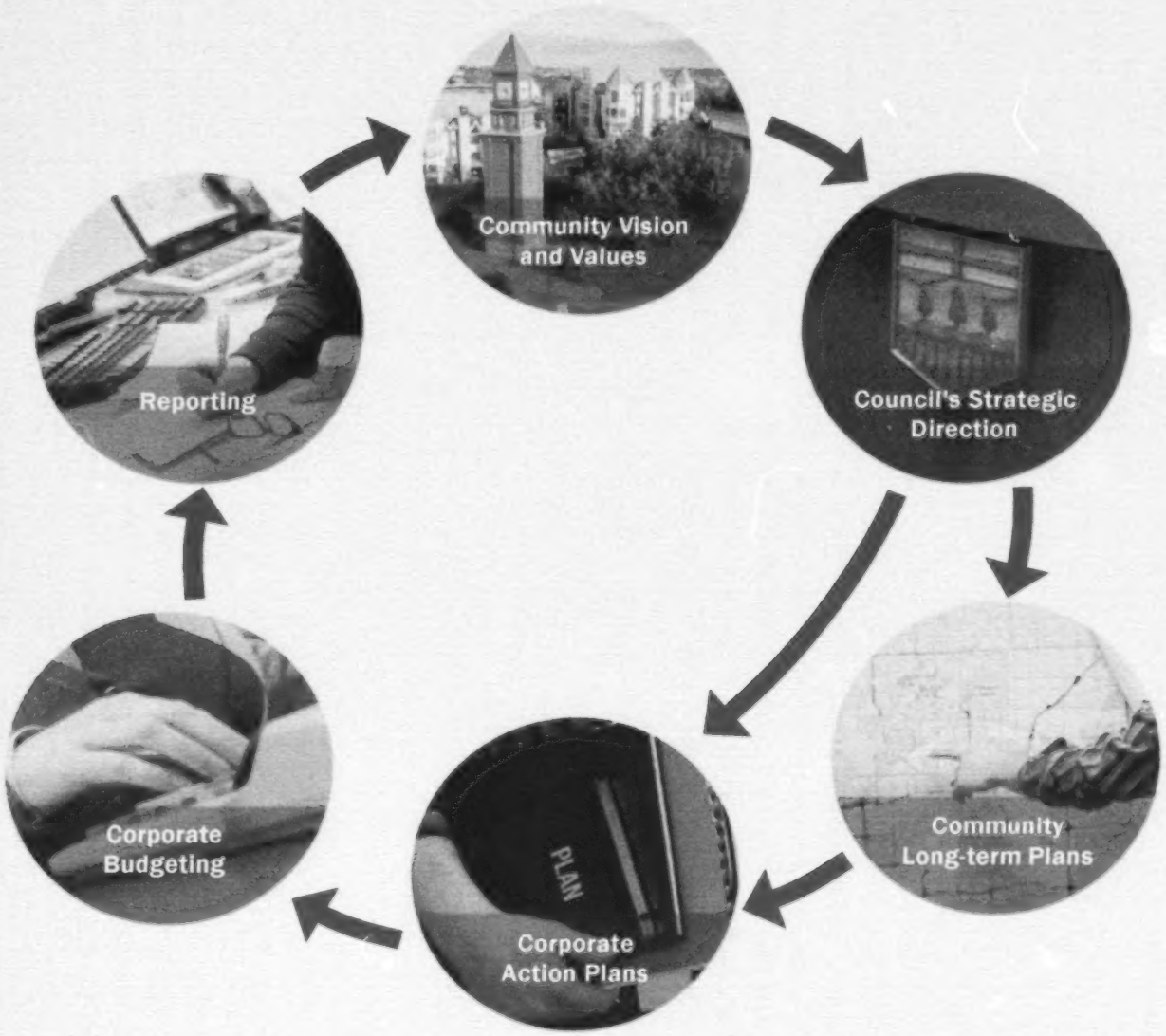
2013 ORGANIZATIONAL CHART



OUR STRATEGIC FRAMEWORK

Our strategic framework starts with the City listening, responding, servicing and reporting to residents. Ongoing public consultation also takes place throughout each phase to hear from residents and help guide decisions.

This structured framework provides clarity and directs the City's future, as well as provides a balanced approach to achieve long-term plans and focus on short-term action.



City view from Mission Park 2013

Downtown St. Albert, Perron Street looking [illegible]

COMMUNITY VISION AND VALUES

The purpose of the community vision and values is to provide a clear and inspirational vision that describes what type of community the city of St. Albert will become over a long period of time. A community vision can range from 25 to 100 years.

Extensive consultation with the community will be conducted in 2014 to update/validate the community vision and values. This will provide the basis for the development of an Integrated Community Sustainability Plan (ICSP) and an update to the Municipal Development Plan (MDP).

COUNCIL'S STRATEGIC DIRECTIONS

Based on the community's needs, City Council sets direction for Administrative implementation. Strategic direction and action are carried out primarily through Council's four-year strategic plan, which includes Council's goals, priorities and performance standards. Strategic directions and actions are subsequently reflected in the corporate actions plans and budget.

COMMUNITY LONG-TERM PLANS

Community long-terms plans are required to articulate high-level strategies in connection with the community vision, tie the needs of the community together, and identify a roadmap for achieving these goals. These plans can range from four to 25 years.

The City has many of these essential plans in the form of master plans, management plans, and long-term department plans. These plans may require additional bylaws and policies.

CORPORATE ACTION PLANS

Corporate action plans are required to align with Council's strategic plan and provide more details about how and when these will be achieved. These plans can range from one to four years.

The City currently has a variety of plans that provide direction over the short-term, such as department business plans, infrastructure lifecycle plans and the 10-year capital plan.

CORPORATE BUDGETING

The corporate budgeting cycle provides a comprehensive record of how the City will allocate its resources towards different programs, services, and initiatives identified in the corporate action plans. The budget cycle occurs annually.

The budget process includes various elements, such as municipal operating and capital budgets, utility operating and capital budgets, fees and charges, fines and penalties, and business cases.

REPORTING

The City communicates its progress towards achieving the community vision through reporting. This includes both quantitative and qualitative statistics based on measurable indicators from Council's strategic plan, the community long-term plans and corporate action plans. Reporting typically occurs on a quarterly and annual basis.

2013 Budget Town Hall Meeting

YEAR IN REVIEW

This section provides an overview of accomplishments as they relate to City Council's Goals and Priorities. The City's 2013 highlights and accomplishments demonstrate its commitment to long-term planning, community sustainability and effective service delivery.

ECONOMIC DEVELOPMENT

Build and diversify St. Albert's economy in partnership with the community and stakeholders.

ECONOMIC DEVELOPMENT

IMPLEMENT THE 20-POINT ECONOMIC DEVELOPMENT ACTION PLAN

A number of initiatives from the 20-Point Economic Development Action Plan were implemented in 2013, including:

- Opening of Ray Gibbon Drive Stage 3.
- Concept development of the SMART City Alliance.
- Completion of the Retail Market Analysis.
- Collaboration with Averton Homes for a bus loop in South Riel Park.
- Support for Great West Life and Alberta Infrastructure to complete deals.
- Award of contract for address blocks as part of the wayfinding initiative to assist visitors in finding businesses along St. Albert Trail.

Economic Development Advisory Board (formerly St. Albert Economic Development Advisory Committee (SAEDAC)

In March 2013, Council approved the recommendation to form the new Economic Development Advisory Board and the Terms of Reference for the new committee. The new committee will advise the Economic Development Services Division on how to best achieve its economic development goals.

The inaugural meeting of the Economic Development Advisory Board (EDAB) took place on September 24, 2013. The board established two priorities:

- Business Retention and Expansion Strategy
- Business Attraction Strategy

A celebration was held on June 25, 2013 to honour, celebrate and thank over 75 people who served on the St. Albert Economic Development Advisory Committee since its inception in 2000.

2013 Business Breakfast

Annual Economic Development Business Breakfast

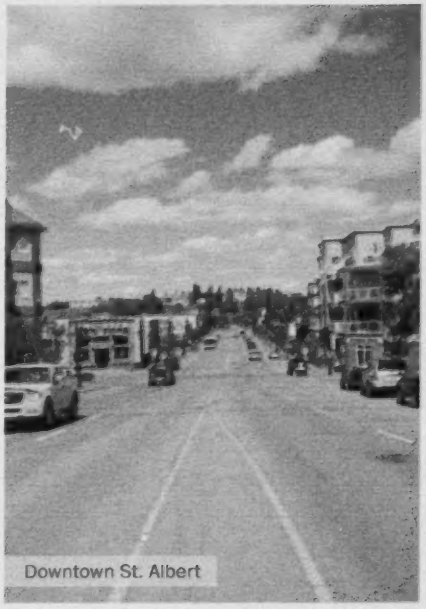
The annual Economic Development Business Breakfast took place in February 2013 with 240 people in attendance. The Breakfast served to elevate St. Albert's profile in the development community and highlight opportunities for existing businesses. It resulted in several media stories and the Business Breakfast video being viewed 124 times.

Workshops for Local Businesses

Administration hosted a series of webinars for local businesses as part of the Business Retention and Expansion program. The first three webinars were titled *The 20 Ingredients to Outstanding Downtowns*. The series highlighted the importance of city employees, politicians, property owners and downtown business owners working together to make St. Albert's downtown outstanding.

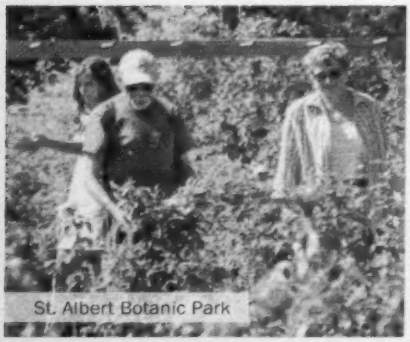
Two additional webinars titled *Are you Open after 6:00 p.m.?* and *Marketing on a Minuscule Budget* were pre-recorded with the Economic Development team facilitating discussion to generate additional ideas after the webinars. In total, 82 people attended the five webinars.

To support capacity of local businesses involved in tourism, Administration hosted a webinar titled *Tourism in the 21st Century*. Approximately 20 participants generated ideas on ways to collaborate and apply strategies in St. Albert.


Downtown St. Albert

Internet Service Survey for Business Parks

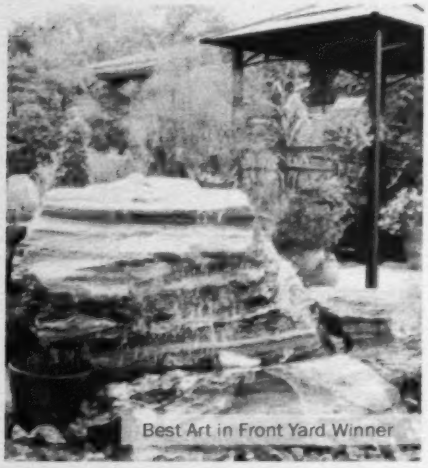
In 2013, Administration received concerns from some business owners in Riel Business Park about the insufficient level of Internet service. In order to determine the significance of this issue and its potential impact to the businesses in Riel and Campbell Business Parks, Administration surveyed all businesses in the two Business Parks. The survey was sent out to 440 businesses with 103 responding to the survey, representing a 23 per cent response rate. Administration will analyze the results and develop an action plan for implementation in early 2014.



St. Albert Botanic Park

Botanic Loop

To increase awareness of the City's brand and to support tourism, Administration partnered with the Enjoy Centre, the St. Albert Chamber of Commerce and The Botanic Park to develop the *Botanic Loop* transit route. The *Botanic Loop* connected three of the city's main tourism attractions: the Botanic Park, the Farmers' Market and the Enjoy Centre. The uniquely wrapped bus made it easily identifiable. The Botanic Loop received a very positive response from over 1,200 riders during the seven Saturdays it ran. A bus hostess kept visitors from the Capital Region, British Columbia, Saskatchewan, Scotland and Japan informed and engaged. Travel Alberta was a financial partner for this initiative.



Best Art in Front Yard Winner

Cultivating Front Yards

The *Cultivating Front Yards* beautification program took place in Quarter Three. The program rewarded both residents and businesses for beautifying their front yards. Over 200 nominations were received in five categories:

- Best Natural Front Yard
- Best Edible Front Yard
- Best Front Yard Overall
- Best Art in the Front Yard and
- Best Business Front Yard

This year, due to high number of entries (126) in the "Best Overall Front Yard" category, one family from each neighbourhood was selected as a winner.

The program was sponsored by area businesses and nominations were judged by a panel of community volunteers. The winners were announced at a celebration on September 17, 2013 with approximately 250 people in attendance.

Best Business Front Yard Winner

Electric Car Charging Station

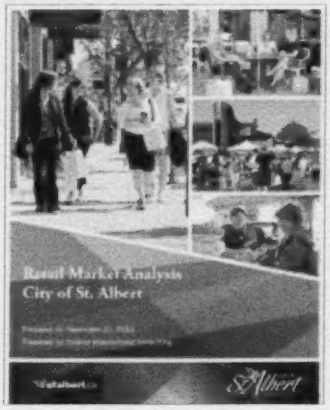
In partnership with a local business, Administration installed the first public Electric Car Charging Station in downtown St. Albert. The City benefited from the exposure on various websites that promote the charging locations and strategically placed information encouraging car owners to eat, shop and enjoy the sites in the Perron District, while their car is charging.

ENHANCE ECONOMIC DEVELOPMENT OPPORTUNITIES ALONG ST. ALBERT TRAIL

The Mayor's Task Force – the St. Albert Trail Improvement Plan Committee prepared and presented a final report with recommendations to City Council on June 17, 2013.

Following the report, City Council passed four related motions, one of which deemed the work of the Committee to be complete. Administration reviewed the Committee's 16 recommendations and following Council direction, Administration prepared and presented an action plan consisting of projects and initiatives underway, along with other corporate plans that align with recommendations of the St. Albert Trail Improvement Plan Committee's final report.

The action plan was received as information by Council and financial considerations for implementation of the action plan were presented during the 2014-2016 Corporate Business Plan and 2014 Budget deliberations. Council approved $924,000 to fund improvement to the median starting at the St. Albert Trail/Gervais Road intersection.



Retail Market Analysis

Administration commissioned a Retail Market Analysis as a strategic document to attract new commercial investment along St. Albert Trail and other commercially designated lands in the city. The Retail Market Analysis was completed and an Implementation Plan was prepared to support existing businesses to expand, to fill gaps in retail demand and to attract new retailers to the city.

FURTHER REVITALIZE THE CITY'S DOWNTOWN

Economic Development moved to a renovated office space in the downtown district in Quarter One. The space was named the St. Albert Business Centre.

Administration continued working on studies that will better determine the need for downtown development. These included: how to best meet parking demand needs; how to facilitate pedestrian, cycling and transit connectivity; and how to ensure appropriate urban design for key downtown entrances. These studies are expected to be completed by early 2014.

In addition, discussions with internal stakeholders took place throughout the year to identify opportunities for collaboration for additional downtown development initiatives. Administration also continued to meet with active and potential investors to examine opportunities for development downtown.

CREATE A MORE ATTRACTIVE INVESTMENT ENVIRONMENT

On January 7, 2013, Council directed Administration to explore the potential of developing an Investment Incentive Program to reduce the risk to developers and promote new investment in the city. The matter was referred to the Standing Committee on Finance and the St. Albert Economic Development Advisory Committee (SAEDAC) for input and analysis. On April 8, 2013, Administration recommended to the Standing Committee on Finance that the City not pursue an Investment Incentive program at this time.

Administration also engaged in a series of meetings with the development community to continue the process of changing perceptions and raising the profile of St. Albert as an exceptional place to invest.

The Economic Development team developed an active trusted advisor role with all existing land-owning developers to assist in all aspects of their investment plan and to address development schedules. The division received accolades and testimonials for service provision, which supports the positive impact the industry has experienced.

PROMOTE THE CITY AND ATTRACT BUSINESSES, INVESTMENT, RESIDENTS AND VISITORS

Administration held a number of introductory sessions with realtors, potential investors and developers to showcase the new approach that St. Albert is taking to attract investment.

The Economic Development team continued to identify specific industry sectors for potential establishment in St. Albert. The team used a series of internal resources to develop and build individual 'pitch packages' for specific time sensitive investment requirements. Examples of sectors include hotel/hospitality, light manufacturing and retail. This initiative will continue to evolve as more investment opportunities are uncovered.

Administration continued its work on the Capital Region Export Development Alliance (CREDA) and a Regional Collaboration Grant was approved. The intent of the grant is to obtain seed money to develop a program to increase export from within the Capital Region. In support of this initiative, Economic Development and the St. Albert Chamber of Commerce partnered with the Province-led Market Access Tour. Approximately 30 people attended the workshop to listen to the International and Intergovernmental Relations Minister and his team speak about existing export programs and trade opportunities.

The development of the SMART City Master Plan is also in direct support of promoting the city and attracting businesses, investments, residents and visitors.

Administration continued to work on developing the residential attraction plan, with one of the deliverables being a sales tool that highlights St. Albert's unique selling proposition for use by realtors and homebuilders. The Move to St. Albert website was launched to provide St. Albert information to potential residents. In 2013, the website had 3,005 visits, 2,369 unique visitors, 433 page views and average time on the site was 2 minutes and 55 seconds. In addition to launching the website, 185 packages were delivered to real estate agents, 58 real estate agents participated in information sessions on the new website and resources were created for new residents. All show homes in St. Albert received a supply of new resident packages. Additional residential attraction activities are planed for 2014.

INITIATE SMART CITY CENTRE OF EXCELLENCE MASTER PLAN

Council directed development of a SMART City Centre of Excellence Master Plan by 2015 based on the Terms of Reference presented to Council on February 19, 2013 and during the 2014-2016 Business Plan and 2014 Budget deliberations, Council approved the business case that supports development of the master plan.

In June 2013, Administration assigned a project manager for the SMART City Centre of Excellence initiative. A draft project plan was developed and an internal project governance structure was established. In addition, numerous meetings took place with industry leaders to form the basis of the master plan and the incubation of a SMART Cities Alliance.

The purpose of the SMART City Centre of Excellence Master Plan is to:

- Identify technology investments that can improve asset management and enhance resident service delivery.
- Provide opportunities for improving organizational cost effectiveness.
- Serve as an economic development driver to attract business investment and grow local business.

A draft memorandum of understanding was developed among the City and its industry and academic partners to form an innovative SMART City Alliance. The Alliance will serve to incubate the development of a knowledge network and multi-sector collaboration in Alberta, accelerate the identification, development and application of SMART municipal solutions, and foster local and regional awareness of SMART City principles, applications and available technologies.

CITY AND CORPORATE BRANDING

The Brand Leadership Team met in February and March 2013 and concluded that their work was completed in addressing the 16 recommendations of the Brand Direction and Marketing Plan that was approved by Council on February 1, 2010.

In September 2013, Council approved the Community Brand Policy. Two workshops were held with leaders in the organization to create further understanding of the brand and to advance the brand's corporate adoption and integration across the City. A comprehensive visual identity guide was also being updated as a resource to City employees. This guide provides an overview of how the visual aspects of branding is expected to be integrated into various department products.

The 2013 Garden Tourism Awards honoured the City of St. Albert with the "Initiative of the Year" for the City's brand.

TOURISM

STRENGTHEN ST. ALBERT'S ECONOMY AND REGIONAL LEADERSHIP BY CONSIDERING A BID FOR THE 2019 CANADA WINTER GAMES

Council directed Administration to investigate the feasibility of submitting a bid to host the 2019 Canada Winter Games. A report was submitted to Council, at which time Council determined it was not feasible to pursue a bid for the Games. Consequently, no further work will take place on this initiative.

LAND USE AND INFRASTRUCTURE

IMPROVE COMMUTING AND TRANSPORTATION CONNECTIVITY WITHIN THE CAPITAL REGION

Campbell Road Transit Centre/Park and Ride

During the 2014-2016 Business Plan and 2014 Budget deliberation, Council deferred the budget for construction of the Campbell Road Transit Centre/Park and Ride to 2015. Consequently, no construction or design will commence until 2015. Some preliminary geotechnical work was completed.

Administration drafted a sub-lease with the City of Edmonton for the Park and Ride lands and continued to meet with the City of Edmonton and Alberta Infrastructure regarding the lease. Administration is reviewing possible short-term Park and Ride options for transit users.

Veness Road

The Veness Road upgrades have been completed, excluding landscaping and seasonal deficiencies.

Ray Gibbon Drive Phase 3

Ray Gibbon Drive Phase 3 has been completed, excluding landscaping and seasonal deficiencies.

COMMUNITY DEVELOPMENT

Strengthen St. Albert's social fabric and help enhance the safety and health of St. Albert's residents.

BUILD OUR COMMUNITY

DEVELOP STRATEGY TO PROCEED WITH DEVELOPMENT OF A COMMUNITY SUPPORT CENTRE

Administration presented the staged approach to Council for a funding decision within the 2014-2016 Business Plan and 2014 Budget Process. Council's decision was to fund the 50+ Club Building Rehabilitation and Program Expansion and not fund the Community Support Centre. To follow up on this decision and to ensure procedural alignment, Council supported Administration's recommendation to rescind all motions related to the Community Support Centre project. With this final step completed, this project has been cancelled.

DEVELOP SOCIAL MASTER PLAN TO RESPOND TO AND ADDRESS THE IMPACT OF CHANGING DEMOGRAPHICS AND SOCIAL NEEDS

Community conversations continued throughout the year to provide residents the final opportunity to provide feedback for the draft master plan. St. Albert's Social Master Plan, Cultivating a Community for All, was presented to Council in April 2013. A partners' workshop was held in May 2013 and a number of presentations were provided to various community groups to discuss the values, goals and strategic actions that stakeholders may engage in to support implementation of the Social Master Plan. Work continued on development of the Implementation Plan for the Social Master Plan.

2013 Block Party

2013 Block Party

Social Master Plan Residents Meeting

LAUNCH A CAPITAL PARTNERSHIP PROGRAM TO SUPPORT STRATEGIC CIVIC AND COMMUNITY-BASED CAPITAL PROJECTS

The Capital Partnership Program is a municipal grant program designed to cost-share the development of significant facilities that support community growth and enhancement. The program's primary objectives are to support the development of significant community facilities that:

- promote community growth opportunities and increase the community's attractiveness to residents and prospective investors;
- leverage strategic partnerships and funding opportunities within the community, with other governments and/or with the private sector;
- enhance the community's reputation on a regional, provincial and/or national scale;
- demonstrate creativity, innovation and long-term sustainability; and
- foster a legacy and result in long-term quality of life benefits for St. Albert residents.

In May 2013, Council approved a policy to guide the Capital Partnership Program and a bylaw, effective January 2015, to form a Capital Partnership Program Advisory Committee. The policy will also be supplemented by Administrative Procedures.

Administration hosted an introductory forum in October 2013 with 29 community, service and academic organizations in attendance. Since the forum, 13 of those organizations requested a follow-up meeting to discuss the program in more detail. Given that this is a new program, it is difficult to project the potential number of applicants at this time; however, potential projects being discussed are:

- a university campus looking at consolidating their greater Edmonton operations into one location, with a possible partnership among the Province, the educational institution and the City of St. Albert. The SMART City Centre of Excellence element would be a part of this project; and
- a sport organization looking at building a facility that would provide year round national tournament capabilities for Alberta.

Through the budget process, Council approved $10,000 to support this program's continued growth and development.

SAFETY AND HEALTH

PROMOTE LONG-TERM SAFETY IN THE COMMUNITY

Administration continued to work on development of a departmental plan for Policing Services with updated scope. Administration presented a progress report to Council on September 23, 2013. A draft plan will be presented to Council on February 24, 2014 and the final plan will be completed by June 2014.

SUPPORT ATTRACTION OF ADDITIONAL PHYSICIANS AND COMPLEMENTARY MEDICAL SERVICES

Administration continued to engage in a dialogue with parties interested in building a medical centre facility in St. Albert and assisting where appropriate.

COMMUNITY SERVICES, AMENITIES AND INFRASTRUCTURE

SUPPORT THE DEVELOPMENT OF A RANGE OF HOUSING OPTIONS APPROPRIATE FOR THE COMMUNITY

The Affordable Housing Policy was approved by Council in April 2013. The policy formalizes and defines the City's role and responsibilities within the following areas: research, policy and regulation, advocacy and communication, partnerships, incentives and provision of housing and housing incentives, programs and services.

A new housing development that will provide a variety of housing types, including townhouses, medium- and high- density housing and senior housing, is underway.

The Basement Grant program was completed as there is no new funding available.

2013 Northern Alberta International Children's Festival

OTHER ITEMS OF IMPORTANCE

NORTHERN ALBERTA INTERNATIONAL CHILDREN'S FESTIVAL

The 32nd Northern Alberta International Children's Festival was held May 28 through June 1, 2013. In 2013, the festival featured a record 109 main stage performances at five venues located in downtown St. Albert. The TELUS Toddler Town, a festival within a festival, was expanded to accommodate increased demand for artistic programming for children under the age of five. A new marketing partnership with the Edmonton Sun (Sun Media) that accessed regional community newspapers and provided a 25-page festival supplement along with increased social media traffic, generated strong public attendance, especially on Friday night and Saturday.

2013 Northern Alberta International Children's Festival

AMPLIFY YOUTH FESTIVAL

The Youth Festival, themed *Dare to Be You*, will take place on October 17 and 18, 2014 at the Enjoy Centre. Administration, together with the Youth Festival Advisory Committee, consisting of 19 youth aged 14-23, continued planning the festival.

The poster contest closed on December 8, 2013 with a total of five applicants. A decision on the poster design that will be used to promote the Festival will be made in January 2014.

ST. ALBERT AMPLIFY YOUTH FESTIVAL

ARDEN THEATRE 30TH ANNIVERSARY SEASON

A special initiative to raise funds in support of the Arden Theatre was launched. The *Take a Seat* campaign reached the goal of 30 seats sold in support of the theatre.

ST. ALBERT CHILDREN'S THEATRE

The St. Albert Children's Theatre production of *Shrek the Musical* sold out with 14 school and public performances. Over 9,000 hours were invested by 44 youth performers aged eight to 22 for this production. The ticket revenue surpassed the previous highest grossing St. Albert Children's Theatre box office record by 24 per cent.

PUBLIC ART INSTALLATIONS

Public Art is a feature of St. Albert's landscape that serves a variety of purposes: civic pride, wayfinding, artistic enrichment/education, entertainment, focal points for community gathering, community identity and commemoration. The Public Art Advisory Committee, comprising City staff and community experts, meets regularly and helps Administration build on existing assets' strengths, plan for future needs and integrate culture city-wide.

There are 282 pieces in the City of St. Albert public art collection and the total number of outdoor Art in Public Places in St. Albert is 34. Three Art in Public Places projects were completed in 2013.

- *Our nature our place*, Artists: Verne Busby and Bella Totino Busby, Location: 50 Bellerose Drive, Mural Mosaic.
- *Spirit of St. Albert: Baroque Botanique and Garden Window* (2 sculptures), Artist: Ken Macklin, Location: 25 and 29 Sir Winston Churchill Drive.
- *Flags at the Finish Line*, Artist: Samantha Williams-Chapelsky, Location: Kingswood Park Day Use Shelter.

Our nature, our place - Mural Mosaic

One portable artwork was accessioned into the Permanent Art Collection in 2013.

- *Madison River a Journey*, Artist: Carla Beerens, Location: St. Albert Business Centre.

Administration worked collaboratively with a team of artists, architects, engineers and environment and public work specialists as consultants to help reflect the Botanical Arts brand in one environmental engineering project of the Sturgeon River.

- Untitled, Artists: Darrell Colyer and Design Team, Location: Outfall 6 fence and grate.

Spirit of St. Albert - Sculpture

In 2013, Administration received $60,000 in donations for Public Art acquisitions, maintenance and restoration work.

- $25,000 Legacy Grant from the St. Albert 150th Celebration Committee for Spirit of St. Albert: Baroque Botanique and Garden Window, (2 sculptures), Ken Macklin, 29 and 25 Sir Winston Churchill Drive, St. Albert Business Centre and Hemingway Centre.
- $35,000 Donation of Baroque Botanique, Ken Macklin, 29 Sir Winston Churchill Drive, St. Albert Business Centre.

Sturgeon River

ENVIRONMENT

Preserve and promote the enjoyment and responsible development and protection of natural areas.

ENVIRONMENTAL STEWARDSHIP

CREATE A POLICY AND SUPPORTING ACTION PLAN FOR THE STURGEON RIVER VALLEY

Administration worked with the North Saskatchewan Watershed Alliance (NSWA) to create an inter-municipal sub-watershed group for the Sturgeon River. A draft terms of reference document was sent to the Chief Administrative Officers of Parkland, Sturgeon and Lac Ste. Anne counties, Stony Plain, Spruce Grove, Gibbons, Morinville and Edmonton, with a request that each Council appoint a representative to the Sturgeon River Watershed Municipal Partnership. By the end of 2013, NSWA received confirmation from six out of the eight municipalities with two of the municipalities indicating that they would not be appointing committee members until the first quarter of 2014.

The City of St. Albert hosted the NSWA Annual General Meeting in St. Albert on June 26, 2013, with the focus on municipalities' roles in watershed planning. Administration made a presentation at this meeting as well as a presentation on the State of the Sturgeon River Watershed Report at a Lake Management Workshop held in Parkland County.

Construction of two grit interceptors, to reduce sediment from reaching the Sturgeon River, was completed; these are at Mission Avenue at Perron Street Bridge and Riel Drive near St. Albert BMX Park. In collaboration with three City departments, a "functional art" safety fence and outfall grate were installed at the Mission Avenue outfall in December 2013. The design was completed for a grit interceptor at the Children's Bridge, which will be constructed in 2014.

An open house for the construction in Grandin Ravines was held on September 19, 2013 to communicate with residents and answer their questions. Erosion control work, including over 20 small "live" check dams made of rock, timber and live willow cuttings, was undertaken in Grandin Ravine in October and November 2013.

Tender documents for remediation work to address salt contamination at the former Public Works yard at 7 Riel were drafted for review. Work continued with landowners to complete an access agreement for the work to be completed in the fall of 2014.

Grey Nuns White Spruce Park

DEVELOP STEWARDSHIP PLAN FOR GREY NUNS WHITE SPRUCE PARK

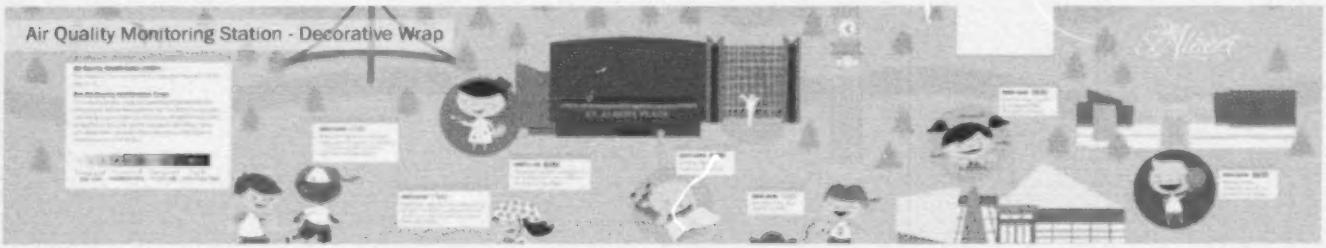
The Grey Nuns White Spruce Park is one of the last known Spruce forests of any significance within an urban municipality in North America. The White Spruce Forest covers over six hectares and is located near the Riverside subdivision. On September 19, 2011, City Council designated the forest as a municipal historic resource. Administration continued to work with a community advisory committee to prepare the Grey Nuns White Spruce Park Management Plan. A draft management plan will be ready for Administration's review by Quarter Two, 2014 and is expected to be presented to Council by the end of Quarter Three, 2014.

DEVELOP A GREENHOUSE GAS EMISSION ACTION PLAN

The Greenhouse Gas Local Action Plan was presented and approved by Council on September 16, 2013. The action items identified for 2014 focus on energy use at City facilities and include energy measurement, benchmarking and audits.

COMPLETE PUBLIC CONSULTATION FOR THE FIVE-YEAR UPDATE OF THE ENVIRONMENTAL MASTER PLAN

The Community Environmental Survey, designed with input from the Environmental Advisory Committee, was completed in April 2013 with 800 residents providing input on environmental goals and priorities. The report was presented to Council and publicly released in July 2013. The information from the survey was used to update the eight goals and 16 targets in the current Environmental Master Plan with input from the Environmental Advisory Committee as well as City staff. The updated goals and targets were presented at two public workshops held in November 2013. Approximately 35 residents attended the workshops and provided comments on the updated goals and suggestions for new environmental initiatives. The updated Master Plan will be presented to Council in Quarter One, 2014.



Air Quality Monitoring Station - Decorative Wrap

GOVERNANCE

Improve efficiency, plan strategically, enhance accountability and build effective partnerships and relationships to make the right choices for St. Albert for both the immediate and longer term.

PLANNING AND REPORTING

DEVELOP A COMMUNITY SUSTAINABILITY PLAN

During the 2014-2016 Business Plan and 2014 Budget deliberations, Council approved the $276,000 business case for the Community Sustainability public engagement activities that will take place in 2014. The business case will be funded through the Canada Federal Gas Tax Fund, which supports the development of Integrated Community Sustainability Plans by municipalities.

A number of meetings were held with City staff to align the community visioning/sustainability planning with the new corporate strategic framework and to develop an internal awareness campaign around sustainability planning for City staff. A draft project plan, including scope, key objectives, phases, deliverables and timelines, was presented to the Senior Leadership Team in November 2013.

Sustainability Public Engagement Campaign

GOVERNANCE CAPACITY AND POLICY DIRECTION

ENHANCE EVIDENCE-BASED DECISION MAKING AND COMMUNICATE OUTCOMES

The results of the Corporate Reporting System Continuous Improvement Project, will partially address this priority area. Development of a corporate set of performance indicators and measures contained in an online dashboard will be presented to Council on February 24, 2014. The team continued to research opportunities available for the application of municipal analytics across the organization to enhance evidence-based decision making.

Online Corporate Reporting System - StATracker

ENSURE THE MOST EFFICIENT AND EFFECTIVE MODEL OF GOVERNANCE IS IN PLACE

On March 18, 2013, Council received the Municipal Governance Review Committee final report. The recommendations were accepted, which included revisions to St. Albert's governance policies and a revised committee structure. To support approved recommendations, Administration prepared the required bylaw and process adjustments for Council's consideration on July 2, 2013. Consideration of proposed governance bylaw and policy amendments, which include a pilot of a revised committee model for the organization, was postponed with Council approval to Quarter One of 2014.

REVIEW AND MODERNIZE SELECTED BYLAWS

The Heritage Management Plan

The Heritage Management Plan – a comprehensive long-term strategy to protect and preserve historic St. Albert private and public properties for future generations was approved on February 25, 2013. In 2013, Administration worked with the Heritage Foundation to draft a heritage designation bylaw that will outline the process for private property owners to have their properties designated as a municipal heritage resource.

Animal Bylaw

In April 2013, Council approved a new Animal Bylaw for the community following a comprehensive administrative review. The bylaw promotes responsible pet ownership and provides a balance between safety and enjoyment for all residents. The new bylaw will take effect on September 1, 2014 in order to provide Administration an opportunity to develop and implement an extensive public education campaign and required signage for the community.

Offsite Levy Bylaw

In 2013, Administration presented recommendations for updating the Off-Site Levy Bylaw for new development. The purpose of the bylaw is to establish a mechanism to collect the required funds to pay for the design and construction of base level infrastructure needed to support growth in the annexed areas. The bylaw was developed with significant consultation with landowners and developers before it was approved by Council in September 2013.

PARTNERSHIPS AND RELATIONSHIPS

LEAD DIALOGUE AND COLLABORATE WITH OTHER ORDERS OF GOVERNMENT REGARDING MATTERS OF HIGH PRIORITY FOR ST. ALBERT AND ADVOCATE WHERE NECESSARY

The City continued to advocate on matters of high priority with success on a number of fronts. On June 6, 2013, Council reviewed the current priority list and amended priorities for the remainder of the year.

Council will conduct a strategic planning session in January 2014, where a variety of advocacy priorities will be discussed. A further review of these priorities will occur throughout Quarter One and Two, 2014, which will provide direction to Administration for the development of a strategic government relations plan. The plan is intended to increase the City's advocacy success on high priority local matters.

CONTINUE TO BUILD POSITIVE AND PRODUCTIVE WORKING ARRANGEMENTS WITH COMMUNITY GROUPS AND OTHER EXTERNAL ORGANIZATIONS

Administration continued to build positive and productive working arrangements through activities including:

- Finalizing the lease agreement with the St. Albert Nordic Club (STANSKI) that will be in place until January 27, 2018.
- Participating in a visioning exercise organized by Alberta Parks for the development of the proposed Lois E. Hole Provincial Education Centre.
- Working with Fastball St. Albert to find a suitable longer-term space solution.
- Working with the St. Albert Chamber of Commerce on an enhanced Partners in Park project that would beautify the former Rent-a-Wreck site on St. Albert Trail and Gate Avenue.
- Online access for availability of recreation facilities, including field houses, arenas, gym courts, sport fields, Fowler Track and Riel Field.

2013 City Council - Council Chambers

Naturalization Nursery

Administration signed an agreement with the Big Lake Environment Support Society (BLESS) and Alberta Heritage Foundation for BLESS to develop a naturalization nursery. The nursery will provide plants for the many community naturalization projects that are currently purchased from nurseries in the area.

A Cultural Café

A *Cultural Café* was held on September 26, 2013 at the Art Gallery of St. Albert. The event provided residents and community organizations an opportunity to explore topics and pose questions to a select panel with vested interest in the development of cultural facilities and infrastructure in St. Albert. Approximately 20 people attended the event. Consultations continued with the community as Administration started to formulate plans for further development of cultural infrastructure in St. Albert.

Rock'n August Concert

In partnership with *Rock'n August*, Administration hosted the *April Wine and Trooper* concert at Servus Place on August 16, 2013. The event was a great success with approximately 1,800 attendees. Planning for the 2014 concert has begun.

Assessment of Agreement with Community Groups

Recreation and Parks continued to support the community in the delivery of recreation and parks initiatives. An assessment of the existing agreements with 109 community groups began in 2013 and is anticipated to be completed by Quarter Three, 2014.

FISCAL RESPONSIBILITY

ENHANCE THE CITY'S FISCAL RESPONSIBILITY BY REVIEWING THE CITY'S UTILITY MODEL

The final report on Utility Fiscal Policy, which included 14 recommendations, was presented to the Standing Committee on Finance. The committee approved a number of motions for Administration to follow up on in 2014. The Utility Fiscal Policy was not finalized; however, this review generated discussion on how the City approaches financing strategies for the Utility operations and Capital projects within a stabilized rate environment. Administration presented policy options to the Standing Committee on Finance in late 2013. The matter was postponed until February 2014 for policy decisions.

PRACTICE FISCAL RESTRAINT AND REPORT THE BENEFITS AND COST OF CONTINUOUS IMPROVEMENT (CI)

Corporate Level CI Projects

On September 16, 2013, Council received an update on Administration's Continuous Improvement Program and progress towards completing the five corporate level projects for 2013:

Corporate Reporting System

The end result of this project is an online dashboard that will report a range of the City's performance results on the City's website. The dashboard will be presented to Council on February 24, 2014, as part of the Quarter Four, 2013 report and be available on the City's website for residents.

Grant Process Review

This project was established to strengthen and better articulate the processes and practices related to seeking out and securing external sources of funds for the City's operation and projects. In 2013, five recommendations were incorporated into a draft Administrative policy and procedure:

- Create a centralized administrative oversight function for the Grant Program to strengthen grant fund management and achieve optimal impact for the City.
- Develop a grant funding strategy and create an Administrative policy to manage the Grant Program in alignment within the corporate strategic plan.
- Create an Administrative policy and procedure that reflect industry best practices to serve as the operational standard and process for grants, including the department specific programs.
- Establish a central information tool for Administration to access all grant related funding support information.
- Create an annual financial grant goal to use as one of the success indicators for the Grant Program.

These deliverables will be completed by Quarter Two, 2014 and presented to the Senior Leadership Team. The responsibility to oversee the program going forward will be with the *Build St. Albert* portfolio.

Optimizing the City's Advertising Spending

The project was implemented to identify opportunities to create efficiencies and potential cost savings related to ways the City purchases advertising. In 2013, approximately $50,000 in advertising costs savings were realized.

The final report, including 15 recommendations, was presented to Senior Leadership Team in September 2013 for consideration. The recommendations included:

- administrative policies, to provide direction on advertising;
- improving advertising efficiencies and effectiveness; and
- financial management of advertising budgets.

There will be opportunities for further savings once recommendations of this project are fully implemented over the next 12–18 months. The recommendations have been assigned to the respective departments best suited to facilitate the implementation; senior management is providing general oversight to ensure that the recommendations are fully implemented.

Public Engagement

The objective of this project was to develop coordinated and consistent approaches, techniques and processes for civic engagement and consultation to support and inform decision-making with insights and feedback. These objectives have been met with the following deliverables in 2013:

- Public Engagement Spectrum, which provides a framework to guide City staff and management on the appropriate levels of engagement for a specific project.
- The 3 Steps to Public Engagement Templates, which are standardized templates for staff to use when planning internal public engagement initiatives. The 3 Steps include: deciding to engage, planning to engage and reporting on engagement.
- The 3 Steps to Public Engagement Guidelines, which provide a guidebook to using the 3 Steps to Public Engagement Templates.

The 3 Steps to Public Engagement Toolkit, which provides additional tips and tools to help staff in their public engagement planning initiatives. The final report will be presented to Council in early 2014.

Website Rationalization

The objective of this project is to reconcile all Administration-managed websites to a single, open-source content management system (CMS) and launch a new website or websites by the end of June, 2014. In 2013 the City retained a consultant to develop a web content strategy to bring together a dozen separate City websites. This strategy was developed after an extensive audit of the websites and consultation with internal and external stakeholders. Technical preparation included choosing a content management system, establishing web hosting services and consolidation of website domains. A sub-committee was formed to address governance and policy aspects of the project.

Moving forward, the project team will select a web development partner, establish the necessary management functions and procedures to support the project and focus on the development of City's new website in 2014.

Department Level CI Initiatives

Online Joint Recreation Program Guide

In the spring of 2012, the Servus Place, Fountain Park and Recreation program guides were merged into one community recreation guide to provide a 'one stop' destination for all community recreation programs. In February 2013 the paperless version of this guide was launched. Efforts to deliver an online guide included the development of a recreation guide landing page as well as the enhancement of the Fountain Park pages on the City of St Albert website.

Corporate Training and Development Plan

The purpose of this initiative was to create a three-year Corporate Training and Development Plan to centralize the training and development budget with Human Resources, providing economies of scale in the provision of training and development activities. In late 2013, the 2014-2016 Corporate Training and Development Plan was approved by Senior Leadership Team.

Restructuring Within Community and Protective Services

Recreation Services and Servus Place departments amalgamated to form the Recreation and Parks department. The new department became operational on September 4, 2013. Some of the activities that took place to amalgamate the two departments included: a new organizational structure, process amalgamation and office moves. The new Recreation and Parks department will provide streamlined and more effective and efficient service delivery to the community.

Review of the Current Investment Process

The purpose of this review was to ensure the City has an appropriate balance of funds in its investment portfolio, including long- and short-term investments in order to maximize the rate of return on all investments.

Administration presented and obtained approval for the investment policy from the Standing Committee on Finance. In addition, the request for proposals for the investment portfolio was issued. Selection of the investment brokerage is expected to take place in late August 2013.

Enhanced Platoon Level Training

A three-year training plan for Fire Services identified several additional programs that could be delivered on-site, thereby avoiding overtime. In Quarter One, six different programs were offered, representing approximately 1,500 training hours where overtime was avoided. In Quarter Two, three four-day courses were conducted on-shift and in total, 488 hours of overtime dollars were saved due to this approach to training. In Quarter Three, 10 three-hour courses were conducted on-shift, saving 258 hours of overtime dollars. In Quarter Four, nine multi-day training sessions were conducted on-shift, for a savings of 894 hours of overtime dollars. In 2013, approximately 3,140 hours of overtime dollars were saved due to this approach to training.

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

The City of St. Albert's 2013 Annual Report provides an opportunity for the City to communicate with residents and stakeholders regarding its recent financial performance, including significant financial practices, strategies, and events.

The Annual Report includes the City's consolidated financial statements, prepared by management in accordance with the principles and standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA). Management has made every effort to ensure the financial statements present a fair accounting of the City's consolidated operating and capital activities for the fiscal year ended December 31, 2013. Included entities are the City, its Utilities, the St. Albert Public Library, and the Arts and Heritage Foundation of St. Albert.

The City's auditor, Deloitte LLP, has audited the financial statements and provided the accompanying Auditor's Report. The financial statements and auditor's report satisfy a legislative reporting requirement as set out by the *Alberta Municipal Government Act*.

This Financial Statement Discussion and Analysis (FSD&A) reports on how the financial resources entrusted to the City are being managed to provide municipal infrastructure, programs, and services. The FSD&A explains the significant differences in the financial statements between the reported year and the previous year as well as between budgeted and actual results. The FSD&A also identifies trends, risks and anticipated events that could have financial implications on the operations of the City.

The FSD&A should be read in conjunction with the audited financial statements and accompanying notes, and responsibility for the preparation of both the financial statements and the FSD&A rests with the City's management. The City's 2013 Consolidated Financial Statements include:

- **Consolidated Statement of Financial Position**. This statement is a summary of financial assets and financial liabilities, net assets (debt), non-financial assets, and accumulated surplus as at December 31st. The statement is used to evaluate the City's ability to finance its activities and to meet its liabilities and commitments.
- **Consolidated Statement of Operations and Accumulated Surplus**. This statement outlines revenues and expenses, in total describing the net change to accumulated surplus for the year.
- **Consolidated Statement of Changes in Net Assets**. This statement reports changes in future revenue requirements. The annual surplus is provided, with reversals for tangible capital asset acquisitions, disposals, amortizations, and sales. The change in net assets (debt) is an indicator of whether revenues raised in the year were sufficient to cover current year spending.
- **Consolidated Statement of Cash Flows**. This statement is a summary of how the City's cash and cash equivalents position changed during the year, highlighting activities related to operating, capital, investing, and financing.

FINANCIAL HIGHLIGHTS

Overall, the City's financial position improved as at December 31, 2013. This positive result was the product of a number of factors reflected within the financial statements, including:

- The Consolidated Statement of Financial Position reports an improved accumulated surplus of $86.7 million to $847.8 million at December 31, 2013. Financial assets increased by $21.5 million to $128.7 million and financial liabilities decreased by $10.7 million to $111.2 million, as the City increased infrastructure investment using developer levies and increased cash holdings. A $54.5 million increase in non-financial assets to $830.3 million was a result of increased investment in tangible capital assets.
- The Consolidated Statement of Operations and Accumulated Surplus reports a 2013 Annual Surplus of $86.7 million. This was the result of consolidated revenues of $193.2 million and consolidated expenses of $145.1 million. Overall revenue increased by $24.6 million compared to the prior year results, primarily due to an increase in government transfers and developer contributions and levies. Property taxes increased by $4.1 million from 2012 to 2013. Overall expenses increased by $3.7 million compared to the prior year results, primarily due to an inflationary increase in all expense categories.
- The Consolidated Statement of Cash Flows reports a year-over-year increase of $21.8 million in the City's cash and cash equivalents position, to $43.0 million. This is largely the result of receiving significant grant funding that was originally budgeted in 2012.

SIGNIFICANT VARIANCES OR EVENTS

BUDGET VARIANCES

While the City was able to implement its business plans and budgets essentially as expected, the City's financial statements were affected by some unexpected events during the year. These events resulted in variances, both favourable and unfavourable, in relation to the City's initial operating budget expectations.

Significant unfavourable variances included a decrease in revenue from sales and user fees ($1.5 million), a decrease in revenue for fines and penalties ($0.7 million), an increase in utility services expenses ($4.1 million), an increase in protective services expenses ($1.8 million), an increase in transportation and roadway services expenses ($11.0 million), an increase in recreation and parks expenses ($4.8 million) and an increase in transit services expenses ($1.6 million). These were offset by significant favourable variances related to government transfers ($19.1 million) and developer contributions and levies ($6.9 million). An additional favourable variance related to a decrease in the expense category of general government services ($9.3 million). The combined variances produced an operating budget surplus of approximately $3.7 million of which $2.4 million was transferred to reserves. Less than $0.1 million was transferred to operations resulting in a year end operating surplus of $1.3 million.

PRIOR YEAR VARIANCES

The City's Cash and Cash Equivalents position experienced an increase of $21.8 million in 2013 primarily due to significant grant money received for a large capital project. This grant money was budgeted for and expected in 2012. Significant events included:

- A repayment of $4.0 million in long-term debt. This resulted in an improved debt position of $52.9 million from $56.8 million.
- A $54.4 million increase in the value of the City's tangible capital assets, to $828.9 million. These tangible capital assets typically take the form of municipal infrastructure, including civic facilities, roadways, equipment, etc., and are critical to the City's ongoing ability to support overall quality of life in the community.

A $26.9 million increase in the City's reserve balance (i.e., restricted accumulated surplus), to $73.9 million. The City's reserves are held for both operating and capital purposes, and are segmented by entity, type, and intended use, and are required in accordance with detailed future modeling and replacement plans.

FINANCIAL REVIEW

FINANCIAL ASSETS

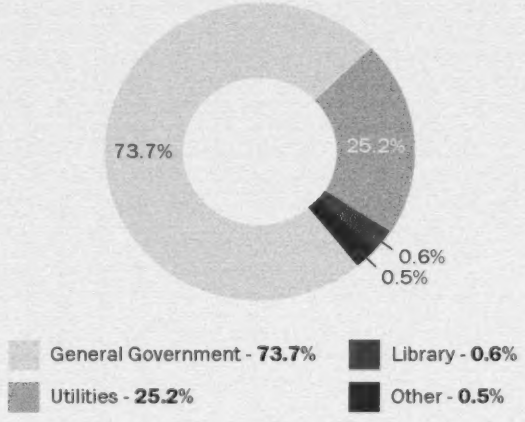
The Consolidated Statement of Financial Position summarizes the City's financial asset position as at December 31, 2013. The City's financial assets increased by $21.5 million to $128.7 million at the end of 2013 due to an increase in cash and cash equivalents. Other factors included a $0.6 million increase in accounts receivable to $9.9 million and an increase of $0.7 million in taxes receivable to $3.1 million. Inventories and lands held for resale were unchanged.

These results reflect the City's continued stable financial asset position, and continued application of its Cash Management Policy and Investment Policies. The City maintains a sufficient amount of resources that could be converted to cash if necessary, as well as assets available to address current and future liabilities or commitments.

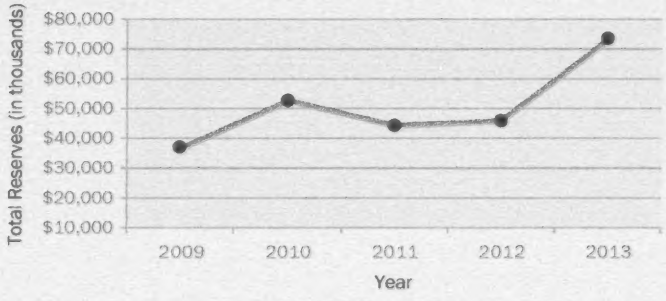
The City's accumulated surplus of $847.8 million is the product of the minor general surpluses or deficits in each of the City's entities over the years, plus significant amounts restricted as reserves or invested in tangible capital assets.

The City's reserve balance increased by $26.9 million over prior year results. Schedule One to the consolidated financial statements provides details relating to the $73.9 million reserve balance. Reserves are an important tool used by municipalities to set aside funds to replace existing capital assets, respond to emergent needs, and fund future capital projects. High reserves can contribute to a

2013 OPERATING AND CAPITAL RESERVES BY TYPE



RESERVE BALANCE TREND



municipality's fiscal health, but reserve balances may increase for a time and then decrease significantly to address planned capital requirements. Historically, the City of St. Albert has taken a rather conservative approach to reserve accumulation. The City's reserves are held for both operating and capital purposes and are segmented by entity, type, and intended use.

In order to improve the accountability, planning and management of its reserves, the City has established a Reserve Policy C-FS-01. This policy and the related administrative processes support accountability, transparency, clear monitoring and reporting, long-term fiscal planning, and improved cash management by identifying cash flows which will assist in potential longer-term investment opportunities and internal financing capacity. Initial establishments of reserves, as well as transfers to and from reserves, requires the approval of City Council.

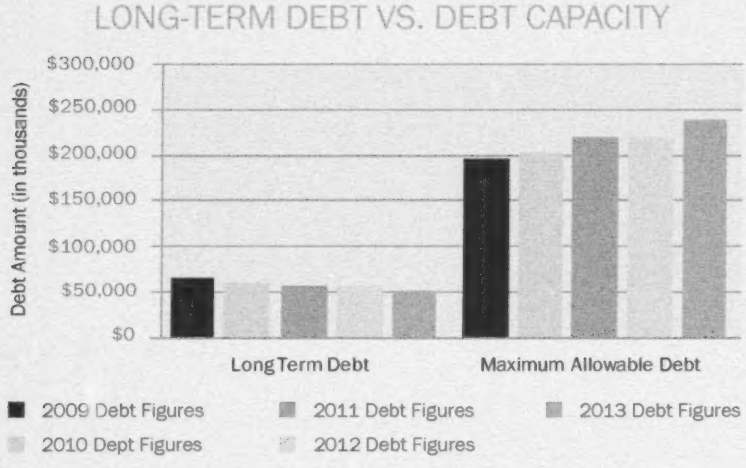
FINANCIAL LIABILITIES

The Consolidated Statement of Financial Position summarizes the City's financial liability position as at December 31, 2013. The City's total financial liabilities of $111.2 million decreased by $10.7 million compared to prior year results, primarily due to a decrease in deferred revenue.

The City's repayment of $4.0 million in long-term debt improved its debt position to $52.9 million from $56.8 million. Other financial liabilities include accounts payable and accrued liabilities of $19.6 million, which have increased by $0.2 million from $19.4 million in 2012. Deferred revenue totaling $36.6 million decreased by $6.4 million from $43.0 million in 2012. Use of these deferred revenues remains restricted until the timing or conditions associated with the revenue have been satisfied.

The majority of the City's existing long-term debt relates to two projects approved in 2004 – the first stages of Ray Gibbon Drive and the construction of Servus Credit Union Place. These two projects alone, due to their significance, resulted in two 20-year external borrowings that increased the City's debt by approximately $22 million and $38 million, respectively. While the debt requirements for the two major projects were significant, the City will remain within debt limits established by the Province of Alberta and the stricter limits the City has established for itself through its Debt Management Policy C-FS-03. As borrowings are retired over the next 20 years the City's debt position will continue to improve.

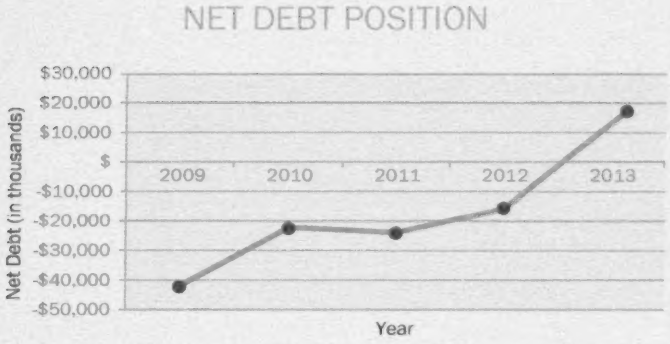
The City's Debt Management Policy C-FS-03 is used to manage borrowing capacity for future capital assets, maintain maximum flexibility of current operating funds, and limit the impact that debt charges will have on future tax and utility rates through internal limits on borrowing. All borrowing completed by the City has been in the form of debentures through the Alberta Capital Finance Authority. These borrowings leverage the Province of Alberta's strong debt rating and the combined borrowings of other municipalities and education authorities. Interest rates are established at the time of borrowing and remain constant throughout its term, eliminating the risk associated with rate fluctuations. Debt servicing payments are made annually or semi-annually.

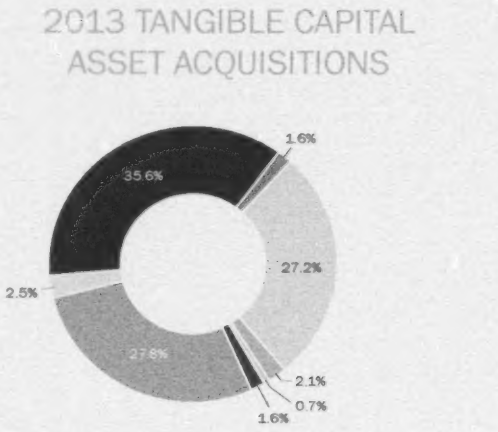


NET FINANCIAL ASSETS (DEBT)

A government's net financial assets (debt) position is a function of its total financial liabilities and its total financial assets. This calculation is a key financial indicator related to the City's financial position as it reflects the relationship between annual surplus, tangible capital asset acquisitions/disposals/amortizations, and treatment of other inventories or expenses. The Consolidated Statement of Changes in Net Assets summarizes the City's net financial assets (debt) position, which increased by $32.2 million to $17.5 million due to the increase in financial assets being larger than the increase in financial liabilities.

Although debt can serve a useful purpose, a change from a net debt to net asset position should be seen as a positive sign for the City's fiscal health and allows more financial resources to be directed to operations and capital projects as opposed to servicing the interest on borrowings.





NON-FINANCIAL ASSETS

Non-financial assets, summarized on the Consolidated Statement of Financial Position, include tangible capital assets, inventories of materials and supplies, and prepaid expenses. In 2013, the value of the City's non-financial assets increased by $54.5 million to $830.3 million. The majority of this increase related to an increase in tangible capital assets of $54.4 million, to $828.9 million. Tangible capital assets typically take the form of municipal infrastructure, including civic facilities, roadways, equipment, etc. These assets provide significant value to the community, as they directly impact a community's productivity, level of investment, and overall quality of life.

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. The cost, less estimated salvage value, of the tangible capital assets is amortized on a straight-line basis over the assets' estimated useful lives, ranging from 5 to 75 years. Prior to 2009, tangible capital asset additions were expensed in the year of acquisition and construction. In 2009, the City implemented PSAB section PS 3150 – Tangible Capital Assets, which was an important step in improving the management of the City's assets. This implementation also had large implications across the corporation, as it required a complete inventory of tangible capital assets and adjustments to business and financial policies, processes, and systems. The City will continue to refine and enhance its implementation and ongoing sustainment efforts to maintain compliance with this new standard.

The City's investments in capital infrastructure are in accordance with its approved Capital Budget and 10 Year Capital Plan. City Council approves budgets for each capital project based on the maximum forecast expenditure for the year to accommodate the associated planning and scheduling requirements. There is typically a portion of the year's budget carried forward to future years for projects not completed within the fiscal year, and as a result budgets are not directly comparable with current year actual amounts.

In 2013, capital spending was primarily focused on land, engineered structures and assets under construction. Tangible capital asset acquisitions totaled $74.5 million. Disposals totaled $0.3 million net of depreciation and amortization and there were no tangible capital asset write-downs in 2013. The City plans to continue to maintain its commitment to infrastructure maintenance and upgrades over time, as a means to address the elements within its 10 Year Capital Plan.

REVENUES

The Consolidated Statement of Operations and Accumulated Surplus summarizes the City's revenues. Consolidated City revenues of $193.2 million were $24.2 million higher than budgeted amounts for 2013, mainly as a result of significantly higher-than-expected government transfers. Other revenue sources performed largely as budgeted although developer contributions and levies contributed $6.9 million more than budget at $11.3 million. Overall, some of the City's revenues fluctuate with economic conditions, yet its main sources of revenue (property taxation, sales and user fees, and government transfers) are considered relatively stable.

Property Taxation revenue of $81.6 million was in line with budget estimates. This figure was slightly higher than 2012 ($77.5 million) as a result of a general municipal property tax increase. The City's budgeted residential tax increase for 2013 was 2.80 per cent and property taxation for municipal purposes comprised 42.3 per cent of its total revenues in 2013.

Sales and User Fees of $49.5 million were $1.5 million lower than budget estimates. This figure was higher than 2012 ($45.9 million) as a result of an overall increase that was applied to the majority of user fees charged by the City. The City continues to apply a user pay philosophy in its operations, as per its policy-based fee approach. The City relied on sales and user fees for 25.6 per cent of its total revenues in 2013.

Government Transfers of $37.4 million were $19.1 million higher than budgeted. This is primarily related to the Ray Gibbon Drive Stage 3 project budgeted at $17.2 million in 2012. Funding was not received until 2013. The City relied on government transfers for nearly 19.3 per cent of its total revenues in 2013.

Contributed Assets of $38.6 million exceeded budget estimates as the City does not budget for this type of revenue. This figure was significantly higher than 2012 ($2.1 million) as a result of assets being transferred or donated to the City from local developers. These tangible capital assets include roads, land, sidewalks and street lighting, which provide a future economic benefit to the City.

Developer Contributions and Levies of $11.3 million exceeded budget by $6.9 million. This figure was higher than 2012 ($3.8 million) as levies relating to a number of completed projects were taken into income.

Other Revenue of $1.0 million was on budget.

Fines and Penalties of $3.7 million were $0.7 million lower than budgeted. This is primarily due to lower revenues from photo radar as a result of unforeseen road repairs, meaning intersection safety devices were not operating for a significant period of time in 2013. This figure was lower than 2012 ($4.1 million).

Licences and Permits of $2.8 million were $0.5 million higher than budgeted. This figure was $0.7 million higher than 2012 ($2.1 million) as a result of a higher than expected number of permits and certificates. This category is highly sensitive to economic conditions.

Franchise Fees of $1.8 million were slightly lower than budget for 2013 ($1.9 million). This figure was slightly lower than 2012 ($1.9 million).

Investment Income of $1.6 million was $0.1 million lower than budgeted after paying interest to government transfers in deferred revenue. This figure was higher than 2012 ($1.2 million) as a result of a more diversified portfolio and higher than expected rates of return within the City's investment portfolio.

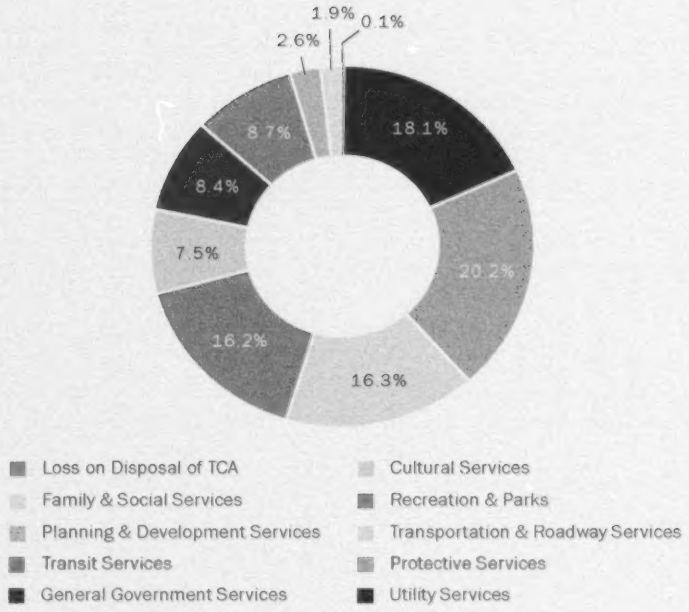
EXPENSES

The Consolidated Statement of Operations and Accumulated Surplus summarizes the City's expenses. Consolidated expenses of $145.1 million were $14.0 million higher than budgeted amounts for 2013, mainly as a result of the City's current practice not to budget for amortization costs. Amortization costs were particularly pronounced in the areas of recreation and parks, utility services, and transportation and roadway services.

Protective Services expenses of $29.3 million were $1.8 million higher than budgeted for 2013 ($27.5 million). This figure was $1.5 million higher than 2012 ($27.8 million) primarily due to unbudgeted amortization costs and a retroactive increase in salaries and wages.

Recreation and Parks expenses of $23.5 million were $4.8 million higher than budgeted primarily due to unbudgeted amortization costs and unbudgeted expenditures for various capital projects. This figure was slightly lower than 2012 ($23.7 million).

2013 EXPENSES BY FUNCTION



Utility Services expenses, including water, wastewater, storm water, and solid waste, of $26.3 million were $4.1 million higher than budgeted due to unbudgeted amortization costs. This figure was higher than 2012 ($25.5 million). Utilities are funded through rates but grants are used to subsidize capital expenditures. The City does not receive a return on investment or dividend return from its utilities.

Transportation and Roadway Services expenses of $23.6 million were $11.0 million higher than budgeted primarily due to unbudgeted amortization costs, increased costs for snow removal and unbudgeted expenditures for various capital projects. This figure was higher than 2012 ($21.1 million).

General Government Service expenses of $12.2 million were $9.3 million lower than budgeted primarily due to the City's practice to budget for debenture interest and the utility administration fee corporately while applying actual expenses to individual program areas. This figure was essentially the same in 2012.

Transit Services expenses of $12.7 million were $1.6 million higher than budgeted primarily due to unbudgeted amortization costs. This figure was higher than 2012 ($11.9 million) as a result of increased contracted and general services.

Cultural Services expenses of $10.8 million were $0.2 million higher than budgeted primarily because Arts and Heritage Foundation costs are not normally budgeted by the City. This figure was $0.4 million lower than 2012 ($11.2 million) as a result of a decrease in general expenses.

Planning and Development Services expenses of $3.8 million were $0.4 million lower than budgeted as a result of lower salary and benefit costs due to position vacancies. This figure was slightly lower than 2012 ($3.9 million).

Family and Social Services costs of $2.7 million were $0.1 million lower than budgeted. This figure was essentially the same in 2012.

Debt servicing costs of $6.6 million are included in the above results for each functional category. This figure was lower than 2012 ($7.2 million), and debt servicing costs are expected to continue to decrease as borrowings are retired over the next 20 years.

ANNUAL SURPLUS

During 2013, the City realized an excess of revenue over expenses in the amount of $86.7 million. This amount represents the City's Annual Surplus, which consists of of both operating and capital activities. $38.6 million of this surplus relates to tangible capital assets received as contributions from developers. The annual surplus is summarized within the Consolidated Statement of Operations and Accumulated Surplus.

The Annual Surplus positively impacts the City's net asset position, but is reduced by the tangible capital asset activities such as acquisitions ($74.5 million) and amortization costs ($19.9 million). These activities and other acquisitions or consumptions resulted in an overall increase in net assets of $32.2 million.

The City's operating activities also resulted in a modest budget surplus. This budget surplus was the result of an excess in total revenue available for operations relative to total expenses less amortization costs, long-term debt repayments, and transfers. As the Statement of Operations and Accumulated Surplus is based on full accrual accounting and includes amortization expense, revenue from government transfers for capital, and revenue from contributed assets, a reconciliation between the surplus on the Statement of Operations and Accumulated Surplus and the City's operating budget results is required.

CASH FLOWS

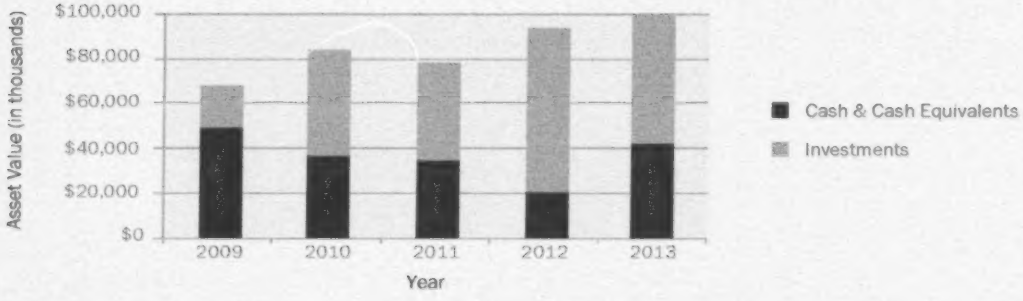
The Consolidated Statement of Cash Flows summarizes the City's sources and uses of cash. During 2013, the City's cash and cash equivalents position increased by $21.8 million to $43.0 million. This increase was a direct result of the application of the City's Cash Management Policy C-FS-04 and Investment Policy C-FS-02, which prescribes how excess cash is invested in a conservative bond portfolio and larger amounts are placed in longer term investments to earn higher yields.

The City's cash position is closely managed and remains adequate, along with short-term investments, to meet ongoing requirements. Management will also continue to conduct analyses to ensure that appropriate levels of working capital are maintained to maximize investment returns, maximize internal borrowing or debt prepayment opportunities, and minimize interest expenses or overdraft charges.

The City's Investment Policy C-FS-02 is used to ensure its investments conform to all provincial statutes and regulations while optimizing investment returns, providing maximum security of principal and meeting the City's daily cash flow requirements. Investments are limited to instruments in which the principal is unconditionally guaranteed, and investment performance is benchmarked against the three month Federal Treasury Bill rate, and the Three and Seven Year Government of Canada benchmark bond yield. A report on the City's investment portfolio is presented to City Council on a quarterly basis to ensure accountability for the nature and diversification of the portfolio to the investment policy.

In 2013, the City's long-term bond portfolio had effective rates of 2.35 per cent to 4.58 per cent, with maturity dates ranging between 2015 and 2021. The City's short-term investments had effective rates between 1.65 per cent and 1.87 per cent with maturity dates ranging between three months and one year. Both of these returns compare favourably to the 2013 Three Month Treasury Bill average return of 0.97 per cent, the 2013 Three Year Government of Canada benchmark bond yield of 1.22 per cent, and the Seven Year Government of Canada benchmark bond yield of 1.91 per cent.

CASH & CASH EQUIVALENTS VS. INVESTMENTS



FINANCIAL CONTROL AND ACCOUNTABILITY

The City maintains a number of processes and financial controls to ensure that accountability is maintained and that management is able to pro-actively identify and address financial challenges.

FINANCIAL GOVERNANCE

Notwithstanding that the City's management is responsible for the preparation of the FSD&A and financial statements, the City's governance structure requires a review of various quarterly reporting, financial policies, audit findings, significant or unusual financial transactions, and accounting treatments or estimates. City Council has established a Standing Committee on Finance to conduct these reviews, and also to assist Council by making recommendations on these matters. City Council is ultimately responsible for approving the City's budget, appointing the auditor, and providing general financial authority and oversight.

BUDGETING AND FINANCIAL REPORTING

Based on the input from citizens, businesses, and numerous other stakeholders, City Council establishes an annual operating budget each year. This operating budget includes the required revenues to fund the City's delivery of desired programs and services to the community, and represents City Council's goals and priorities as identified in their Strategic Plan, Business Plan, and other sources. From year to year, services may be altered when City Council identifies a clear need. Note that the operating budget is also prepared on the modified cash flow basis. Based on this method, the City uses tax revenues, reserve transfers and government transfers to balance its operating budget. The operating budget does not include revenue from contributed assets, government transfers for capital, or amortization expense.

The City also prepares an annual capital budget based on the long-term projections of its 10 Year Capital Plan. Budget items for the current year are carefully reviewed on a project basis, and funded through a variety of mechanisms such as tax revenues, reserve transfers or government transfers. As there is typically a portion of the capital budget carried forward for projects not completed within the fiscal year, budgets are not directly comparable with current year actual amounts.

ACCOUNTING PROCESS

The City is organized into various business areas, each responsible for managing the delivery of program services in accordance with the resources allocated to those programs. While all departments share a common accounting and reporting system, financial and accounting services are administered within the Financial Services department and delivered to each business area based on its needs.

INTERNAL CONTROLS

The City utilizes financial policies and procedures to ensure appropriate financial internal controls are in place. Policies and procedures are reviewed annually to comply with the *Municipal Government Act* and the Public Sector Accounting Standards (PSAB). A proactive approach is taken to identify and address financial challenges.

AUDITING PROCESS

The *Municipal Government Act* requires a municipal council to appoint an independent auditor. In 2011, a tender for audit services was completed and City Council appointed the chartered accounting firm of Deloitte LLP as the external auditor for a three-year term, with the option to extend for a period of up to three additional years, at City Council's discretion. Following a comprehensive audit process and after working closely with management, the auditor must report to City Council's Standing Committee on Finance with the annual consolidated financial statements. Based on the Committee's recommendation, City Council approved the 2013 Consolidated Financial Statements at its meeting on April 14, 2014.

RISKS AND UNCERTAINTIES

The City is committed to an integrated approach to risk management, where risk management is viewed as a key component of sound business practice and due diligence. Management promotes a proactive, corporate wide and systematic approach to managing risks that could affect City objectives.

NORMAL OPERATIONAL RISK

In the usual course of business, the City is exposed to various risks that are mitigated through operational and financial controls. These risks include the normal operational risks associated with each of the City's programs and services, as well as social, legal, regulatory, and economic issues or changes that could impact City operations, human resource availability and cost, and investment risk related to volatile financial markets.

Certain financial information is also prepared using estimates and judgments that have been based on careful assessments through the City's management information systems. The City maintains a system of internal controls to provide reasonable assurance as to the fairness and reliability of that information and data. These control systems are regularly reviewed and enhanced as required to ensure the production of timely, accurate and complete financial information to protect and safeguard City assets.

REVENUE VOLATILITY

Certain categories of revenue are exposed to economic or other fluctuations. These include revenues related to development permits, gas franchise fees, interest revenue, user fees/ charges, government transfers, etc.

To address the challenge associated with revenue volatility, the City applies conservative budgeting practices, monthly variance forecasting, a long-term investment strategy, a new methodology for franchise fee calculation based on the stable cost of delivery, and various environmental scanning techniques to identify market changes. The City also continues to lobby higher orders of government, either independently or through its municipal associations, for sufficient and reliable transfers.

INFRASTRUCTURE REPLACEMENT

Municipal infrastructure is required to support a community's economy and quality of life. To ensure that sufficient local infrastructure is available, the City applies long-term construction and maintenance plans or strategies. In many cases, the City's identified infrastructure requirements exceed its funding capacity; therefore City Council engages in prioritization and seeks alternative sources of funding, such as borrowing or government transfers. If not addressed, a municipality's infrastructure deficit could result in lost productivity, damage to property, and decreased quality of life.

INSURANCE LOSS

The City maintains an insurance program to cover losses related to its activities, operations, assets and infrastructure. This program has two components: an insurance program purchased through well capitalized external insurers and a self-funded insurance program for all losses falling below policy deductibles. The City's approach to risk management attempts to achieve a balance between risk and total cost.

A claims reserve was established in 2008 to fund the City's self-insured program. The reserve is funded to a confidence level at the 95th percentile of the City's projected losses, as recommended in the July 2008 loss projection analysis report provided by an external consultant. At December 31, 2012, the City's outstanding and fully reserved insurance claims related liabilities were approximately $0.7 million, and its claims self-insurance fund was approximately another $1.2 million.

ENVIRONMENTAL RISK

The City employs environmental management professionals to assist departments in complying with environmental laws and regulations. The City has also adopted policies and procedures to govern the City's approaches, and the organization follows environmental systems which provide a sound model to effectively deal with environmental impacts associated with municipal activities. In addition, insurance policies are in place to handle potential unexpected environmental exposures.

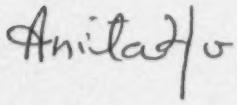
FUTURE OUTLOOK

St. Albert is recognized as a vibrant community enjoying high service levels and an excellent quality of life. To maintain and enhance this quality of life, the City must continue to address challenges related to the community's limited non-residential assessment base, organizational costs which typically outpace the rate of consumer inflation, unpredictable government transfers, and relatively slow development or population growth.

This situation will require a continued focus on fiscal sustainability, which includes efforts to attract non-residential investment, foster innovation throughout the organization, and secure sufficient and reliable government funding to address civic infrastructure and operating requirements. Funding shortfalls have a particularly noticeable impact on the City's 10 Year Capital Plan which articulates the community's capital maintenance and upgrade requirements.

As global and local economic conditions continue to improve, management expects a corresponding improvement in various City revenues such as licences and permits, sales and user fees, investment income, and government transfers. Management will continue to exercise caution in the City's financial management, and will continue to monitor economic conditions to ensure that prompt recommendations are made to Council in the case that adjustments to business plans and budgets are required. Indeed, the City will continue to develop strategies and seek the necessary funding to undertake projects required to maintain the programs, services, and infrastructure that St. Albertans expect.

The delivery of this report, and St. Albert's continued success in meeting its fiscal challenges, are made possible through the continuing efforts of the City's staff. My appreciation is extended to all departments for their ongoing cooperation and assistance.



Anita Ho, CGA MSA

General Manager & Chief Financial Officer – Finance & Assessment

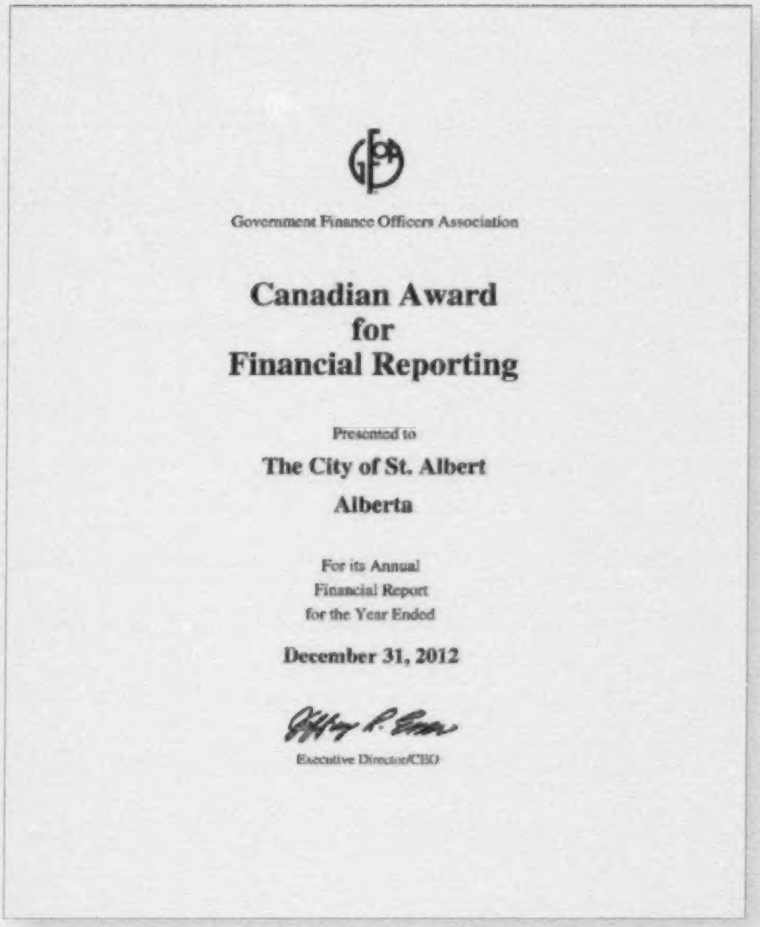
April 14, 2014

CANADIAN AWARD FOR FINANCIAL REPORTING

For the last 13 years, the City has received a Canadian Award for Financial Reporting for its Annual Financial Reports. This award, presented by the Government Finance Officers Association of the United States and Canada (GFOA), is presented to governments across Canada who publish high-quality financial reports.

In order to qualify, a government must publish an easily readable and efficiently organized annual financial report, the contents of which conform to program standards beyond the minimum requirements prescribed by Canada's Generally Accepted Accounting Principles. Such a report should clearly communicate the municipality's financial condition, enhance an understanding of financial reporting, and address user needs.

A Canadian Award for Financial Reporting is valid for a period of one year only. The City of St. Albert believes its current Report continues to conform to the program award requirements and will therefore again forward it to the Government Finance Officers Association for award consideration.



Government Finance Officers Association

Canadian Award for Financial Reporting

Presented to

The City of St. Albert

Alberta

For its Annual
Financial Report
for the Year Ended

December 31, 2012

Executive Director/CEO

FINANCIAL SECTION

FINANCIAL SECTION

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MANAGEMENT'S REPORT

To the Mayor and members of Council of the City of St. Albert,

Management is responsible for the integrity, relevance and comparability of the data in the accompanying consolidated financial statements. The consolidated financial statements have been prepared by Management in accordance with Canadian Public Sector Accounting Board standards. The preparation of the consolidated financial statements necessarily includes some amounts which are based on Management's best estimates.

It is City policy to practice the highest standard of ethics. The City also has policies and procedures for internal controls.

Management is committed to maintaining an extensive system of internal controls, providing reasonable assurance that:

- all transactions are appropriately authorized
- assets are properly accounted for and safeguarded
- all transactions are appropriately recorded, and financial records are reliable for the preparation of financial statements.

Oversight for Management's responsibilities for financial reporting is provided by City Council through the Standing Committee on Finance. There are regular meetings between the Committee, Management and independent auditors to discuss auditing and reporting on financial matters, and to ensure that Management is carrying out its responsibilities. The auditors have full and free access to the Committee and Management.

The consolidated financial statements have been audited by the independent firm of Deloitte LLP.

Patrick Draper,
City Manager

Anita Ho, CGA, MSA
General Manager & CFO
– Finance & Tax Assessment

April 14, 2014

Deloitte.

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Independent Auditor's Report

To the Mayor and members of Council of the City of St. Albert

We have audited the accompanying consolidated financial statements of the City of St. Albert, which comprise the consolidated statement of financial position as at December 31, 2013, and the consolidated statements of operations and accumulated surplus, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the City of St. Albert as at December 31, 2013, and the results of its operations, changes in its net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Deloitte LLP

Chartered Accountants

April 14, 2014

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2013 (in thousands of dollars)

	2013	2012
FINANCIAL ASSETS		
Cash and Cash Equivalents (Note 3)	$ 43,015	$ 21,176
Accounts Receivable	9,938	9,355
Taxes Receivable	3,058	2,364
Inventories Held for Resale	32	32
Land Held for Resale	60	60
Investments (Note 4)	72,615	74,194
TOTAL FINANCIAL ASSETS	128,718	107,181
FINANCIAL LIABILITIES		
Accounts Payable and Accrued Liabilities	19,560	19,356
Deferred Revenue – Government Transfers (Note 5)	30,474	28,700
Deferred Revenue – Developer Levies (Note 5)	3,754	11,924
Deferred Revenue – Other (Note 5)	2,400	2,412
Deposit Liabilities	1,928	875
Long-Term Debt (Note 6)	52,858	56,821
Landfill Liability (Note 7)	230	1,785
TOTAL FINANCIAL LIABILITIES	111,204	121,873
NET FINANCIAL ASSETS (DEBT)	17,514	(14,692)
NON–FINANCIAL ASSETS		
Tangible Capital Assets (Note 8)	828,880	774,492
Inventories of Materials and Supplies	892	943
Prepaid Expenses	503	357
TOTAL NON-FINANCIAL ASSETS	830,275	775,792
ACCUMULATED SURPLUS (NOTE 10)	$ 847,789	$ 761,100

Commitments and Contingencies (Note 11)

Approved by:

Mayor

City Manager

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the Year Ended December 31, 2013 (in thousands of dollars)

	2013 BUDGET (Note 16)	2013	2012
REVENUE			
Property Taxes (Note 12)	$ 81,594	$ **81,648**	$ 77,533
Sales and User Fees	51,009	**49,465**	45,898
Government Transfers (Note 13)	18,257	**37,365**	27,533
Other Revenue	958	**984**	2,078
Fines and Penalties	4,357	**3,704**	4,140
Contracted Services Revenue	2,417	**2,436**	2,424
Licences and Permits	2,314	**2,846**	2,125
Franchise Fees	1,874	**1,788**	1,877
Investment Income	1,781	**1,648**	1,201
Developer Contributions and Levies	4,402	**11,318**	3,779
TOTAL REVENUE	168,963	**193,202**	168,588
EXPENSES			
Utility Services	22,206	**26,320**	25,516
Protective Services	27,457	**29,255**	27,761
Transportation and Roadway Services	12,649	**23,632**	21,075
Recreation and Parks	18,682	**23,500**	23,714
Cultural Services	10,592	**10,828**	11,212
General Government Services	21,534	**12,222**	12,268
Transit Services	11,099	**12,679**	11,886
Planning and Development Services	4,119	**3,750**	3,885
Family and Social Services	2,802	**2,701**	2,680
Loss on Disposal of Tangible Capital Assets	-	**206**	1,436
TOTAL EXPENSES	131,140	**145,093**	141,433
EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER	37,823	**48,109**	27,155
OTHER			
Contributed Assets	-	**38,580**	2,093
EXCESS OF REVENUE OVER EXPENSES	37,823	**86,689**	29,248
ACCUMULATED SURPLUS, BEGINNING OF YEAR	761,100	**761,100**	731,852
ACCUMULATED SURPLUS, END OF YEAR	$ 798,923	**$ 847,789**	$ 761,100

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

For the Year Ended December 31, 2013 (in thousands of dollars)

	2013 BUDGET (Note 16)	2013	2012
EXCESS OF REVENUE OVER EXPENSES	$ 37,823	$ **86,689**	$ 29,248
Acquisition of Tangible Capital Assets	(31,131)	**(35,965)**	(40,293)
Contributed Tangible Capital Assets	–	**(38,580)**	(2,093)
Proceeds on Disposal of Tangible Capital Assets	–	**78**	160
Amortization of Tangible Capital Assets	–	**19,873**	19,263
Loss on Disposal of Tangible Capital Assets	–	**206**	1,436
TOTAL	6,692	**32,301**	7,721
Acquisition of Inventories of Materials and Supplies	–	**(892)**	(943)
Acquisition of Prepaid Expenses	–	**(503)**	(357)
Consumption of Inventories of Materials and Supplies	–	**943**	994
Use of Prepaid Expenses	–	**357**	480
TOTAL	–	**(95)**	174
INCREASE IN NET ASSETS	6,692	**32,206**	7,895
NET FINANCIAL DEBT, BEGINNING OF YEAR	(14,692)	**(14,692)**	(22,587)
NET FINANCIAL ASSETS (DEBT), END OF YEAR	$ (8,000)	$ **17,514**	$ (14,692)

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2013 (in thousands of dollars)

	2013	2012
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Excess of Revenue Over Expenses	$ 86,689	$ 29,248
ITEMS NOT INVOLVING CASH:		
Amortization	19,873	19,263
Tangible Capital Assets Received as Contributions	(38,580)	(2,093)
Loss on Disposal of Tangible Capital Assets	206	1,436
TOTAL	68,188	47,854
CHANGE IN NON-CASH ASSETS AND LIABILITIES:		
Accounts Receivable	(583)	(383)
Taxes Receivable	(694)	(78)
Inventories Held for Resale	–	(7)
Accounts Payable and Accrued Liabilities	204	5,447
Deferred Revenue – Government Transfers	1,774	7,962
Deferred Revenue – Developer Levies	(8,170)	3,038
Deferred Revenue – Other	(12)	(1,332)
Deposit Liabilities	1,053	105
Landfill Liability	(1,555)	(2,314)
Inventories of Materials and Supplies	51	51
Prepaid Expenses	(146)	123
CASH FROM OPERATING ACTIVITIES	60,110	60,466
CAPITAL ACTIVITIES		
Acquisition of Tangible Capital Assets	(35,965)	(40,293)
Proceeds on Disposal of Tangible Capital Assets	78	160
CASH APPLIED TO CAPITAL ACTIVITIES	(35,887)	(40,133)
INVESTING ACTIVITIES		
Purchase of Investments	(90,845)	(65,058)
Maturity of Investments	92,424	34,845
CASH APPLIED TO INVESTING ACTIVITIES	1,579	(30,213)
FINANCING ACTIVITIES		
Repayment of Long-Term Debt	(3,963)	(4,369)
CASH APPLIED TO FINANCING ACTIVITIES	(3,963)	(4,369)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING YEAR	21,839	(14,249)
Cash and Cash Equivalents, Beginning of Year	21,176	35,425
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 43,015	$ 21,176

1. ADOPTION OF NEW ACCOUNTING STANDARDS

a. Government Transfers

The City adopted the revised standard that replaced existing Public Sector Accountants Handbook Section 3410. This revised standard establishes how to account for and report on government transfers from both a transferring government and a recipient government perspective. The City has elected to apply the requirements of the standard on a prospective basis. Adopting the revised standard has no impact on the consolidated financial statements of the City.

b. Tax Revenue

The City adopted the revised standard that replaced existing PSA Handbook Section 3510. This revised standard establishes recognition, measurement, presentation and disclosure standards relating to tax revenue reported in consolidated financial statements financial. The City has elected to apply the requirements of the standard on a retrospective basis. There is no impact of adopting the revised standard on the consolidated financial statements of the City.

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements ("financial statements") of the City of St. Albert (the "City") are the representations of management and have been prepared in accordance with Canadian public sector accounting standards.

Significant accounting policies adopted by the City are as follows:

a. Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The entity is comprised of all organizations, committees and local boards that are owned or controlled by the City and are, therefore, accountable to the Council for the administration of their financial affairs and resources. In addition to the City's municipal government operations, entities include the City of St. Albert Public Library and the Arts & Heritage Foundation of St. Albert. Inter departmental and inter organizational transactions and balances between these organizations have been eliminated. Note 12 to the financial statements also includes requisitions for educational and other organizations that are not part of the municipal reporting entity.

b. Use of Estimates

The preparation of the financial statements in accordance with Canadian Public Sector Accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include assumptions used in estimating, historical cost of certain tangible capital assets, useful lives of tangible capital assets, fair value of contributed assets, provisions for accrued liabilities, landfill liability and in performing actuarial valuations of employee future benefits.

Actual results could differ from those estimates.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

c. Basis of Accounting

The City follows the accrual basis of accounting. Revenue, which is not directly related to any specific program, is reflected in General Municipal Revenue.

i. Revenue

Revenue is accounted for in the period in which it is earned and measurable. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets.

ii. Expenses

Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

d. Land Held for Resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and levelling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under the respective function.

e. Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the straight line basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

f. Inventories Held for Resale

Inventories held for resale consist mainly of concession inventory and are valued at lower of cost and net realizable value.

g. Non-financial Assets

Non financial assets are not available to discharge existing liabilities and are held for the use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

g. Non-financial Assets (cont'd)

i. Tangible Capital Assets

Tangible capital assets, ("TCA"), are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value of the tangible capital asset, excluding land, is amortized on a straight line basis over the estimated useful life as follows:

Buildings and Building Improvement	5 to 50 years
Land Improvement	10 to 30 years
Library Collections	5 years
Engineered Structures	
Roadway System	15 to 60 years
Water System	35 to 75 years
Wastewater System	35 to 75 years
Storm System	35 to 75 years
Machinery and Equipment	10 to 25 years
Vehicles	10 to 25 years

One half of annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

Cultural and historical assets such as works of art, historical and heritage sites are not recorded as tangible capital assets in these financial statements but are disclosed.

The City does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

ii. Contributions of Tangible Capital Assets

TCA received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

iii. Inventories of Materials and Supplies

Inventories of materials and supplies consist mainly of parts and road maintenance materials and are valued at the lower of cost and replacement cost.

h. Government Transfers

Government transfers are the transfer of assets from senior level government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

i. Post Employment Benefits

Contributions for current and past service pension benefits are recorded as expenses in the year in which they become due.

j. Landfill Liability

Pursuant to the *Alberta Environmental Protection and Enhancement Act*, the City is required to fund the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. The liability for closure and post-closure care has been recognized based on an estimate of future expenses.

k. Requisition Over-levy and Under-levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

3. CASH AND CASH EQUIVALENTS

	2013	2012
Cash	$ 33,015	$ 21,176
Cash Equivalents	10,000	-
TOTAL	$ 43,015	$ 21,176

Cash includes balance of $18,730 (2012 - $5,158) having yields ranging from 1.20% to 1.35% (2012 - 1.20% to 1.35%)

Cash equivalents comprised of short-term deposit having yield of 1.62% with an original maturity within 3 months.

4. INVESTMENTS

	2013		2012	
	Carrying Value	Market Value	Carrying Value	Market Value
Short-Term Notes and Deposits	$ 47,000	$ 47,000	$ 55,050	$ 55,050
Corporate Bonds	25,410	25,672	18,947	19,313
Credit Union Shares	205	205	197	197
TOTAL	$ 72,615	$ 72,877	$ 74,194	$ 74,560

Short-term notes and deposits have effective rates of 1.65% to 1.87% (2012 - 1.68% to 2.10%), are for fixed terms, and have maturity dates ranging between 3 months and one year.

The City's bond portfolio has effective rates of 2.35% to 4.58%, (2012 - 2.48% to 4.78%) with maturity dates ranging between 2015 and 2021.

5. DEFERRED REVENUE

Pursuant to funding agreements with the Provincial and/or Federal Government, the use of these funds together with any earnings thereon is restricted to eligible expenditures on operating or capital projects as approved by the governments. These funds are recognized as revenue in the period the stipulations are met.

	2012	CONTRIBUTIONS	INTEREST EARNED	APPLIED	2013
DEFERRED REVENUE – GOVERNMENT TRANSFERS					
Municipal Sustainability Initiative	$ 19,405	$ 5,834	$ 411	$ (8,743)	$ **16,907**
Alberta Municipal Infrastructure Program	3,470	-	73	(79)	**3,464**
New Deal for Cities & Communities	1,796	9,781	109	(3,130)	**8,556**
Ray Gibbon Drive Prov. Grant Funding	-	17,225	-	(16,902)	**323**
Basic Capital Grant	3,663	-	66	(2,799)	**930**
MSI - Affordable Housing	366	-	7	(79)	**294**
TOTAL DEFERRED REVENUE – GOVERNMENT TRANSFERS	28,700	32,840	666	(31,732)	**30,474**
DEVELOPER LEVIES					
Transportation Off-site Levy	6,803	1,629	167	(6,803)	**1,796**
Water Off-site Levy	3,236	944	77	(3,236)	**1,021**
Sanitary Sewer Levy	1,885	(374)	36	(944)	**603**
Stormwater Levy	-	331	3	-	**334**
TOTAL DEVELOPER LEVIES	11,924	2,530	283	(10,983)	**3,754**
OTHER DEFERRED REVENUE					
Servus Place	1,103	3,509	-	(3,521)	**1,091**
Other Miscellaneous - Operating	369	531	1	(420)	**481**
Arts & Heritage Foundation	58	5	-	-	**63**
Licensing	199	764	-	(801)	**162**
Community	35	48	-	(59)	**24**
Other Miscellaneous - Capital	277	-	5	(68)	**214**
Utilities	121	-	-	(5)	**116**
Performing Arts	160	155	-	(160)	**155**
Library	90	122	-	(118)	**94**
TOTAL OTHER DEFERRED REVENUE	2,412	5,134	6	(5,152)	**2,400**
TOTAL DEFERRED REVENUE	$ 43,036	$ 40,504	$ 955	$ (47,867)	$ **36,628**

6. LONG-TERM DEBT

a. **Long-term Debt Consists of:**

	2013	2012
Municipal Tax Supported Debenture	$ 52,858	$ 56,821

Debenture debt has been issued on the credit and general security of the City. Debentures are held by the Alberta Capital Finance Authority. Debenture interest is payable, before Provincial subsidy, at rates ranging from 3.34% to 5.00% per annum. The debentures are payable in annual or semi-annual amounts and mature in periods ranging from 2019 to 2028.

The City has an operating line of credit with its bank of $5,000 (2012 - $5,000). This credit facility bears interest at prime minus 0.25% and was not drawn on at December 31, 2013.

The Province of Alberta currently provides an interest subsidy in the form of an interest subsidization grant on eligible debenture issues. Subsidies are expected to continue for the full duration of all debt issued prior to March 31, 1982, as follows:

MAXIMUM INTEREST RATE PAYABLE PERIOD OF DEBENTURE ISSUE	AFTER PROVINCIAL SUBSIDY
January 1, 1974 – March 31, 1980	9.6%
April 1, 1980 – March 26, 1981	10.4%
March 27, 1981 – March 31, 1982	11.6%

Interest on long-term debt amounted to $2,556 (2012 – $2,748) and is recorded in the Statement of Operations and Accumulated Surplus.

The City's total cash payments for interest in 2013 were $2,602 (2012 – $2,830).

b. **Long-term Debt Principal and Interest Amounts Due in Each of the Next Five Years and Thereafter are as Follows:**

	PRINCIPAL	INTEREST	TOTAL
2014	$ 3,588	$ 2,412	$ 6,000
2015	3,755	2,246	6,001
2016	3,929	2,072	6,001
2017	4,111	1,889	6,000
2018	4,302	1,698	6,000
Thereafter	33,173	6,356	39,529
TOTAL	$ 52,858	$ 16,673	$ 69,531

6. LONG-TERM DEBT (CONT'D)

c. Debt Limits

Section 276(2) of the *Municipal Government Act* requires that debt and debt limits, as defined by Alberta Regulation 255/2000 for the City be disclosed as follows:

		2013		2012
Total Debt Limit	$	240,488	$	219,764
Total Debt		52,858		56,821
AMOUNT OF DEBT LIMIT UNUSED	$	187,630	$	162,943
Maximum Allowable Debt Servicing Limit		40,261		36,627
Annual Payments of Existing Debt		6,000		6,564
AMOUNT OF DEBT SERVICING LIMIT UNUSED	$	34,261	$	30,063

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/2000) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the City, rather, the financial statements and other factors must be considered.

7. LANDFILL LIABILITY

Alberta environmental law requires closure and post closure care of landfill sites, which includes final covering and landscaping, plumbing of groundwater and leachates from the sites, and ongoing environmental monitoring, site inspections and maintenance. In 2005 the City received an Environment Canada order to undertake additional capping and grading measures to prevent leaching into the Sturgeon River from its landfill. The City is continuing with its ongoing monitoring program of the former landfill and sewage lagoons in Riel Park including the submission of reports to Environment Canada. The groundwater monitoring of the site has been ongoing since 1999 and the program was expanded in June 2004 in consultation with the regulators. A Site Management Alternative report was completed in December 2005 and the City met with the regulators to discuss the alternatives and the recommended action plan. The action plan includes objectives that will maintain the integrity of the containment berms, minimize the generation of leachate and continued monitoring of the groundwater.

The landfill was permanently closed in 1986.

The City's estimated total liability is based on the sum of discounted future cash flows for post closure activities from 2009 to 2013 using a discount rate of 2.76% (2012 - 2.23%) based on the Alberta Capital Finance Authority 10-year rate stated at December 15, 2013.

7. LANDFILL LIABILITY (CONT'D)

	2013	2012
Estimated Closure Costs	$ 230	$ 1,650
Estimated Post Closure Costs	-	135
TOTAL	$ 230	$ 1,785

During the year, the City incurred costs of $1,555 (2012 - $2,314) related to the landfill closure and post closure liability. Accretion expense recorded in 2013 was $0 (2012 - $0).

In December 2013 the City obtained a revised cost estimate to complete phases 3 and 4 of the remediation. The landfill liability has been revised to reflect the new estimate.

8. TANGIBLE CAPITAL ASSETS

2013

	BUILDING IMPROVEMENTS	LIBRARY COLLECTIONS	LAND IMPROVEMENTS	ENGINEERED STRUCTURES	BUILDINGS	MACHINERY & EQUIPMENT	LAND	VEHICLES	ASSETS UNDER CONSTRUCTION	TOTAL
COST										
Balance, Beginning of Year	$ 5,175	$ 2,087	$ 45,481	$ 490,641	$ 132,409	$ 26,837	$ 343,574	$ 35,777	$ 16,708	$ 1,098,689
Accusitions (Transfers)	1,540	509	1,184	20,700	(1,987)	1,881	29,253	1,200	20,265	74,545
Disposals	-	(389)	-	-	-	(667)	-	(776)	-	(1,832)
BALANCE, END OF YEAR	6,715	2,207	46,665	511,341	130,422	26,051	372,827	36,201	36,973	1,171,402
ACCUMULATED AMORTIZATION										
Balance, Beginning of Year	496	1,020	19,021	223,075	52,042	16,647	-	11,896	-	324,197
Amortization Expense	161	430	1,881	10,962	2,672	1,717	-	2,050	-	19,873
Disposals	-	(389)	-	-	-	(531)	-	(628)	-	(1,548)
BALANCE, END OF YEAR	657	1,061	20,902	234,037	54,714	17,833	-	13,318	-	342,522
NET BOOK VALUE, END OF YEAR	$ 6,058	$ 1,146	$ 25,763	$ 277,304	$ 75,708	$ 10,218	$ 372,827	$ 22,883	$ 36,973	$ 828,880

8. TANGIBLE CAPITAL ASSETS (CONT'D)

2012

	BUILDING IMPROVEMENTS	LIBRARY COLLECTIONS	LAND IMPROVEMENTS	ENGINEERED STRUCTURES	BUILDINGS	MACHINERY & EQUIPMENT	LAND	VEHICLES	ASSETS UNDER CONSTRUCTION	TOTAL
COST										
Balance, Beginning of Year	$ 3,740	$ 2,014	$ 44,640	$ 475,167	$ 127,970	$ 25,228	$ 341,802	$ 36,150	$ 3,422	$ 1,060,133
Acquisitions/Transfers	1,435	445	841	16,309	4,439	1,960	1,772	1,886	13,299	42,386
Disposals	–	(372)	–	(835)	–	(351)	–	(2,259)	(13)	(3,830)
BALANCE, END OF YEAR	**5,175**	**2,087**	**45,481**	**490,641**	**132,409**	**26,837**	**343,574**	**35,777**	**16,708**	**1,098,689**
ACCUMULATED AMORTIZATION										
Balance, Beginning of Year	376	982	17,106	212,822	49,372	15,285	–	11,225	–	307,168
Amortization Expense	120	410	1,915	10,460	2,670	1,661	–	2,027	–	19,263
Disposals	–	(372)	–	(207)	–	(299)	–	(1,356)	–	(2,234)
BALANCE, END OF YEAR	**496**	**1,020**	**19,021**	**223,075**	**52,042**	**16,647**	**–**	**11,896**	**–**	**324,197**
NET BOOK VALUE, END OF YEAR	**$ 4,679**	**$ 1,067**	**$ 26,460**	**$ 267,566**	**$ 80,367**	**$ 10,190**	**$ 343,574**	**$ 23,881**	**$ 16,708**	**$ 774,492**

a. Assets Under Construction

Assets under construction having a value of $36,973 (2012 - $16,708) have not been amortized. Amortization of these assets will commence when the assets are put into service.

b. Contributed Tangible Capital Assets

Contributed capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is $38,580 (2012 - $2,093). This amount comprises roads infrastructure in the amount of $10,543 (2012 - $1,667), water, storm and wastewater infrastructure in the amount of $4,663 (2012 - $426), and land improvement in the amount of $23,374 (2012 - $0).

c. Works of Art and Historical Treasures

The City manages and controls various works of art and non operational historical cultural assets including buildings, artifacts, paintings and sculptures located at City sites and public display areas. These assets are not recorded as tangible capital assets.

9. EQUITY IN TANGIBLE CAPITAL ASSETS

		2013		2012
Tangible Capital Assets (Note 8)	$	1,171,402	$	1,098,689
Accumulated Amortization (Note 8)		(342,522)		(324,197)
Long-term Debt		(52,858)		(56,821)
TOTAL	$	776,022	$	717,671

10. ACCUMULATED SURPLUS

Accumulated surplus consists of unrestricted and restricted amounts and equity in tangible capital assets as follows:

		2013		2012
UNRESTRICTED DEFICIT	$	(2,182)	$	(3,626)
Restricted Surplus - Reserves (Schedule 1)		73,949		47,055
Equity in Tangible Capital Assets		776,022		717,671
TOTAL ACCUMULATED SURPLUS	$	847,789	$	761,100

11. COMMITMENTS AND CONTINGENCIES

a. Annexation

On February 14, 2007 the Lieutenant Governor in Council approved the request of the City of St. Albert to annex land from Sturgeon County ("County"). Effective January 1, 2007 the City's boundaries were extended to include all of the land that St. Albert had requested. The City is obligated to pay the County $800 at a rate of $80 per year starting in 2009 and ending 2018. In addition, the City will pay tax sharing amounts to the County until 2013. The City paid $213 (2012 - $203) to Sturgeon County under this tax sharing agreement.

As of April 1, 2007 the City is responsible for the roadway maintenance and municipal services within the annexed area. The annexation brings within the boundaries of St. Albert the proposed alignment of the Ray Gibbon Drive.

b. Legal Claims

As at December 31, 2013, the City was involved in various legal disputes. While it is not possible to estimate the outcome of these disputes, management believes that there will be no adverse effect on the City's financial position.

11. COMMITMENTS AND CONTINGENCIES (CONT'D)

c. Lease Commitments

The City has entered into several operating lease agreements for space rental. Lease commitments over the next five years and thereafter are as follows:

2014	$ 387
2015	378
2016	347
2017	188
2018	200
Thereafter	917
TOTAL	$ 2,417

12. PROPERTY TAXES

Taxation revenue, reported on the Consolidated Statement of Operations and Accumulated Surplus, is comprised of the following:

	2013 BUDGET (Note 16)	2013	2012
TAXATION			
Real Property Taxes	$ 108,770	$ **107,877**	$ 104,085
Linear Property Taxes	1,139	**1,059**	1,139
Government Grants in Place of Property Tax	-	**1,032**	1,022
TOTAL TAXATION	109,909	**109,968**	106,246
REQUISITIONS			
Alberta School Foundation Fund	27,082	**27,082**	19,134
Opted Out School Board	-	**-**	8,355
Sturgeon Foundation Requisition	947	**947**	940
Other	286	**291**	284
TOTAL REQUISITIONS	28,315	**28,320**	28,713
TAXES AVAILABLE FOR MUNICIPAL PURPOSES	$ 81,594	$ **81,648**	$ 77,533

13. GOVERNMENT TRANSFERS

The City recognizes the transfer of government funding after the transfer has been authorized, and the expenses or revenues in the period that the events giving rise to the transfer occurred. The government transfers reported on the Consolidated Statement of Operations and Accumulated Surplus are:

	2013 BUDGET (Note 16)	2013	2012
GOVERNMENT TRANSFERS FOR OPERATIONS			
Provincial Transfers	$ 4,162	$ **4,289**	$ 5,246
Federal Transfers	–	**198**	211
TOTAL OPERATING TRANSFERS	4,162	**4,487**	5,457
GOVERNMENT TRANSFERS FOR CAPITAL			
Provincial Transfers	14,095	**29,143**	20,964
Federal Transfers	–	**3,735**	1,112
TOTAL CAPITAL TRANSFERS	14,095	**32,878**	22,076
TOTAL GOVERNMENT TRANSFERS	$ 18,257	$ **37,365**	$ 27,533

14. SALARIES AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for elected municipal officials, the chief administrative officer, and the designated officer is required by Alberta Regulation 313/2000. **This information is not presented in thousands of dollars.**

	SALARIES (a)	BENEFITS & ALLOWANCES (b)	2013	2012
Mayor N. Crouse	$ 100,359	$ 7,398	$ **107,758**	$ 108,970
Councillor L. Bracko (I)	31,055	1,377	**32,432**	41,955
Councillor R. Lemieux (I)	30,055	1,961	**32,016**	38,062
Councillor W. Brodhead	35,711	4,822	**40,533**	40,838
Councillor C. Heron	37,811	1,788	**39,599**	44,830
Councillor C. MacKay	35,011	3,476	**38,487**	41,033
Councillor M. Parker (I)	32,255	278	**32,533**	39,870
Councillor S. Hughes (II)	6,156	517	**6,673**	-
Councillor T. Osborne(II)	6,356	553	**6,909**	-
Councillor G. Prefontaine(II)	6,356	244	**6,600**	-
Chief Administrative Officer	254,687	38,787	**293,474**	200,785
Designated Officer	$ 131,465	$ 33,881	$ **165,345**	$ 160,408

(I) Council Term completed October 2013

(II) Council Term started October 2013

a. Salaries

Salaries include only base salary; any allowances, travel, or incidentals are included in benefits and allowances.

b. Benefits and Allowances

Employer's share of all employee benefits and contributions or payments made on behalf of employees including retirement pension, Canada Pension Plan, Employment Insurance, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships, and car allowances.

15. PENSION PLANS

a. Local Authorities Pension Plan

Approximately 589 (2012 – 585) employees of the City participate in the Local Authorities Pension Plan ("LAPP"), which is one of the plans covered by the *Alberta Public Sector Pension Plans Act*. The plan is financed by employer and employee contributions and investment earnings of the LAPP Fund. The City is required to make current service contributions to the LAPP of 10.43% (2012 - 9.91%) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 14.47% (2012 - 13.74%) on pensionable earnings above this amount. Employees of the City are required to make current service contributions of 9.43% (2012 - 8.91%) of pensionable salary up to the year's maximum pensionable salary and 13.47% (2012 – 12.74%) on pensionable salary above this amount.

Total contributions by the City to the LAPP in 2013 were $5,117 (2012 - $4,585). Total contributions by the employees of the City of St. Albert to the Local Authorities Pension Plan in 2013 were $4,684 (2012 - $4,176). At December 31, 2012, the plan reported the value of its assets at $22.9 billion (2011 - $19.8 billion) and disclosed an actuarial deficiency of $4.98 billion (2011 – $5.4 billion). Plan asset and actuarial deficiency data as at December 31, 2013 were not yet available.

b. APEX

The APEX supplementary pension plan, an Alberta Urban Municipalities Association (AUMA) sponsored defined benefit pension plan covered under the provisions of the *Alberta Employment Pension Plans Act*, commenced on January 1, 2004. This plan provides supplementary pension benefits to a prescribed class of employees (21 [2012 - 23] beneficiaries). The plan supplements the Local Authorities Pension Plan.

Contributions are made by the prescribed class of employees and the City. The employees and the City are required to make current service contributions to APEX of 2.50% and 3.00%, respectively, of pensionable earnings up to $135 (2012 - $132). Total current service contributions by the City to APEX in 2013 were $86 (2012 - $82). Total current service contributions by the employees of the City were $72 (2012 - $69).

The cost of post retirement benefits earned by employees is actuarially determined using the projected benefit method prorated on service, management's best estimate of salary and benefit escalation, and retirement ages of employees. The cost of post retirement benefits are fully funded.

As at December 31, 2013 the APEX supplementary pension plan has vested with approximately 95% of eligible employees. The City has disclosed contributions to the APEX plan.

c. MuniSERP

The MuniSERP supplementary overcap retirement plan extend LAPP, and APEX pension benefit levels beyond the Canada Revenue Agency maximum. The plan commenced on January 1, 2003, and provides supplementary benefits to a prescribed class of employees (15 [2012 - 15] beneficiaries). MuniSERP supplements APEX and LAPP and is a voluntary, non-contributory, non registered supplementary employee retirement plan. The cost of post retirement benefits earned by employees is actuarially determined using the projected benefit method prorated on service, management's best estimate of salary and benefit escalation, and retirement ages of employees. At January 1, 2013, an actuarial valuation has been completed along with corresponding disclosure of designated assets.

15. PENSION PLANS (CONT'D)

The following presents the MuniSERP obligation as at December 31, 2013:

	2013	2012
ACCRUED BENEFIT OBLIGATION		
Balance, Beginning of Year	$ 202	83
Current Service Cost and Interest Cost	(11)	119
BALANCE, END OF YEAR	$ 191	$ 202

There are no defined benefit plan assets.

The significant actuarial assumptions in measuring the City's accrued benefit obligation are as follows:

	2013	2012
Discount Rate	5.00%	5.00%
Rate of Compensation Increase	4.00%	4.00%

16. BUDGET FIGURES

Budgets established for capital acquisitions and related financing are calculated on a project oriented basis. As these transactions may be carried out over one or more years, they are not directly comparable with current year actual amounts.

The table below reconciles the consolidated annual surplus to the City's operating surplus based on the methods used in preparing its fiscal plan.

	2013 BUDGET	2013	2012
Consolidated Annual Surplus	$ 37,823	$ 86,689	$ 29,248
Internal Transfers (net operating and capital)	(2,729)	(28,258)	(3,167)
Contributed Assets	-	(38,580)	(2,093)
Repayment of Long-term Debt	(3,963)	(3,963)	(4,369)
Loss (Gain) on Sale of Tangible Capital Assets	-	206	1,436
Amortization	-	19,873	19,263
Capital Costs	(31,131)	(35,965)	(40,293)
OPERATING SURPLUS	$ -	$ 2	$ 25

The budget data presented in these consolidated financial statements is based upon the 2013 operating and capital budgets approved by Council. Amortization, contributed assets and gain/loss of tangible capital assets were not contemplated in development of the budget and, as such, has not been included.

17. COMPARATIVE FIGURES

Certain elements of the 2012 Financial Statements have been reclassified to reflect the changes in presentation for 2013. On the statement of operations, loss on disposal of tangible capital assets are disclosed as expenses rather than other.

18. SEGMENTED INFORMATION

Segmented information has been identified based upon lines of service provided by the City. City services are provided by departments and their activities are reported by functional area in the body of the financial statements. Certain lines of service that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

a. **General Services**

The City's general services include its corporate functions, such as finance, information technology, economic development, human resources, taxation and assessment, legislative operations, and common and fiscal services.

b. **Protective Services**

The City contracts with the Royal Canadian Mounted Police (RCMP) for police protection, and holds a contract through Alberta Health Services to provide emergency medical services within the community. The City also operates a municipal fire department and provides bylaw enforcement services.

c. **Recreation and Parks**

The City owns large park systems such as the Red Willow Park and numerous community and neighbourhood parks or playgrounds. The City also provides a variety of recreational programs and services to residents on a year round basis.

d. **Utility Operations**

Four utilities – water, wastewater, storm, and solid waste/recycling – are administered directly by the City. While these utilities are funded independently from municipal operations as per the City's Utility Rate Model, financial results are included with the City.

e. **Roadway Services**

The City provides a number of maintenance and related services for the community's streets, sidewalks, lighting, and equipment pool. Costs related to summer and winter road maintenance are also captured here. Roadway services provides service to other segments of the organization on a cost recovery basis, this is reflected in other expense recoveries.

f. **Transit Services**

St. Albert Transit is a municipally owned transit service offering local and commuter routes for riders. St. Albert Transit operates on a subsidized fee for service basis.

g. **Cultural Services**

St. Albert has cultural programs, services, and events. The Library and Arts & Heritage Foundation are included in Cultural Services on the Statement of Operations and Accumulated Surplus.

h. Planning Services

To ensure that the community is well planned and attractive for investment, the City is active in the area of use planning, engineering, and economic development.

i. Social Services

Social services include those provided by the City's Family and Community Support Services department, in addition to costs related to the St. Albert Cemetery and other community supports.

j. St. Albert Public Library

The St. Albert Public Library was established in 1961 by St. Albert's Town Council under the provisions of the *Provincial Libraries Act*. The Library is governed by a separate Board, and provides programs and service to the residents of St. Albert and surrounding areas.

k. Arts & Heritage Foundation

St. Albert's Arts and Heritage Foundation ("AHF") manages the Profiles Public Art Gallery, the Museé Héritage Museum, and various other local heritage sites. The AHF also offers programs and exhibitions and ensures that historic buildings and significant artifacts are preserved.

18. SEGMENTED INFORMATION (CONT'D)

The following tables report the financial operations for each of the above mentioned segments.

DECEMBER 31, 2013

	GENERAL GOVERNMENT SERVICES	PROTECTIVE SERVICES	RECREATION & PARKS	UTILITY SERVICES	TRANSPORTATION & ROADWAY SERVICES	TRANSIT SERVICES	CULTURE: MUSEUMS & HALLS	PLANNING & DEVELOPMENT SERVICES	FAMILY & SOCIAL SERVICES	ST. ALBERT PUBLIC LIBRARY	ARTS & HERITAGE	TOTAL 2013
REVENUE												
Property Taxes	$ 81,648	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 81,648
Sales and User Fees	304	1,188	10,475	30,000	252	4,357	1,207	859	240	322	261	49,465
Government Transfers	891	2,798	188	6,378	24,869	175	196	79	1,218	349	224	37,365
Other Revenue	81	16	482	-	2	20	239	-	3	58	83	984
Fines and Penalties	831	2,761	-	112	-	-	-	-	-	-	-	3,704
Contracted Services Revenue	-	2,436	-	-	-	-	-	-	-	-	-	2,436
Licences and Permits	722	326	-	-	19	-	-	1,779	-	-	-	2,846
Franchise Fees	1,788	-	-	-	-	-	-	-	-	-	-	1,788
Investment Income	833	10	102	396	225	59	11	2	-	10	-	1,648
Developer Contributions & Levies	-	-	68	4,448	6,802	-	-	-	-	-	-	11,318
TOTAL REVENUE	87,098	9,535	11,315	41,334	32,169	4,611	1,653	2,719	1,461	739	568	193,202
EXPENSES												
Salaries, Wages & Benefits	10,586	17,178	12,033	4,170	8,264	2,082	2,694	3,110	1,217	2,933	1,356	65,623
Contracted & General Services	111	1,868	1,921	7,616	3,579	6,989	854	373	99	236	189	23,835
Amortization	955	821	3,399	4,012	8,552	1,514	63	17	-	520	19	19,872
Purchases from Other Governments	-	7,725	-	8,875	-	-	-	-	-	-	-	16,600
Materials, Goods & Utilities	349	927	3,547	993	4,502	2,073	699	57	103	353	307	13,910
Transfers to Individuals & Organizations	66	-	18	-	31	-	1,826	116	1,274	10	(1,402)	1,938
Interest on Long-term Debt	-	-	1,359	-	1,198	-	-	-	-	-	-	2,557
Other Expenses (Recovery)	155	735	1,224	653	(2,494)	22	92	76	7	-	82	552
Loss on Disposal of Tangible Capital Assets	-	39	129	(20)	(35)	95	-	(2)	-	-	-	206
TOTAL EXPENSES	12,222	29,293	23,630	26,299	23,597	12,775	6,227	3,747	2,700	4,052	551	145,093
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER	74,876	(19,758)	(12,315)	15,035	8,572	(8,164)	(4,574)	(1,028)	(1,239)	(3,313)	17	48,109
OTHER												
Contributed Assets	-	-	-	4,663	10,448	-	95	23,374	-	-	-	38,580
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	$ 74,876	$ (19,758)	$ (12,315)	$ 19,698	$ 19,020	$ (8,164)	$ (4,479)	$ 22,346	$ (1,239)	$ (3,313)	$ 17	$ 86,689

18. SEGMENTED INFORMATION (CONT'D)

The following tables report the financial operations for each of the above mentioned segments.

DECEMBER 31, 2012

	GENERAL GOVERNMENT SERVICES	PROTECTIVE SERVICES	RECREATION & PARKS	UTILITY SERVICES	TRANSPORTATION & ROADWAY SERVICES	TRANSIT SERVICES	CULTURE	PLANNING & DEVELOPMENT SERVICES	FAMILY & SOCIAL SERVICES	ST. ALBERT PUBLIC LIBRARY	ARTS & HERITAGE	TOTAL 2012
REVENUE												
Property Taxes	$ 77,533	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 77,533
Sales and User Fees	224	1,135	9,665	28,200	359	3,771	952	809	193	336	254	45,898
Government Transfers	877	1,224	75	5,329	15,611	1,342	360	648	1,310	435	322	27,533
Other Revenue	400	9	427	-	403	-	634	-	11	60	134	2,078
Fines and Penalties	811	3,224	-	105	-	-	-	-	-	-	-	4,140
Contracted Services Revenue	-	2,424	-	-	-	-	-	-	-	-	-	2,424
Licences and Permits	692	322	-	-	13	-	-	1,098	-	-	-	2,125
Franchise Fees	1,877	-	-	-	-	-	-	-	-	-	-	1,877
Investment Income	349	12	139	402	150	126	11	2	-	10	-	1,201
Developer Contributions & Levies	-	-	-	401	3,378	-	-	-	-	-	-	3,779
TOTAL REVENUE	82,763	8,350	10,306	34,437	19,914	5,239	1,957	2,557	1,514	841	710	168,588
EXPENSES												
Salaries, Wages & Benefits	9,857	17,066	11,749	3,965	7,318	1,879	2,680	2,725	1,106	2,779	1,313	62,437
Contracted & General Services	248	1,871	2,026	7,444	2,613	6,603	1,132	335	149	176	217	22,814
Amortization	935	816	3,420	3,976	8,075	1,487	46	9	1	478	21	19,264
Purchases from Other Governments	-	6,458	-	8,462	-	-	-	-	-	-	-	14,920
Materials, Goods & Utilities	333	821	3,474	983	4,340	1,890	901	54	53	372	287	13,508
Transfers to Individuals & Organizations	61	-	200	-	22	-	1,861	692	1,360	-	(1,365)	2,831
Interest on Long-term Debt	-	-	1,475	-	1,273	-	-	-	-	-	-	2,748
Other Expenses (Recovery)	834	729	1,370	686	(2,566)	27	77	70	11	(24)	261	1,475
Loss on Disposal of Tangible Capital Assets	-	(5)	(1)	(12)	563	891	-	-	-	-	-	1,436
TOTAL EXPENSES	12,268	27,756	23,713	25,504	21,638	12,777	6,697	3,885	2,680	3,781	734	141,433
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER	70,495	(19,406)	(13,407)	8,933	(1,724)	(7,538)	(4,740)	(1,328)	(1,166)	(2,940)	(24)	27,155
OTHER												
Contributed Assets	-	-	-	426	1,667	-	-	-	-	-	-	2,093
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	$ 70,495	$ (19,406)	$ (13,407)	$ 9,359	$ (57)	$ (7,538)	$ (4,740)	$ (1,328)	$ (1,166)	$ (2,940)	$ (24)	$ 29,248

19. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.

SCHEDULE 1 - SCHEDULE OF RESTRICTED SURPLUS RESERVES

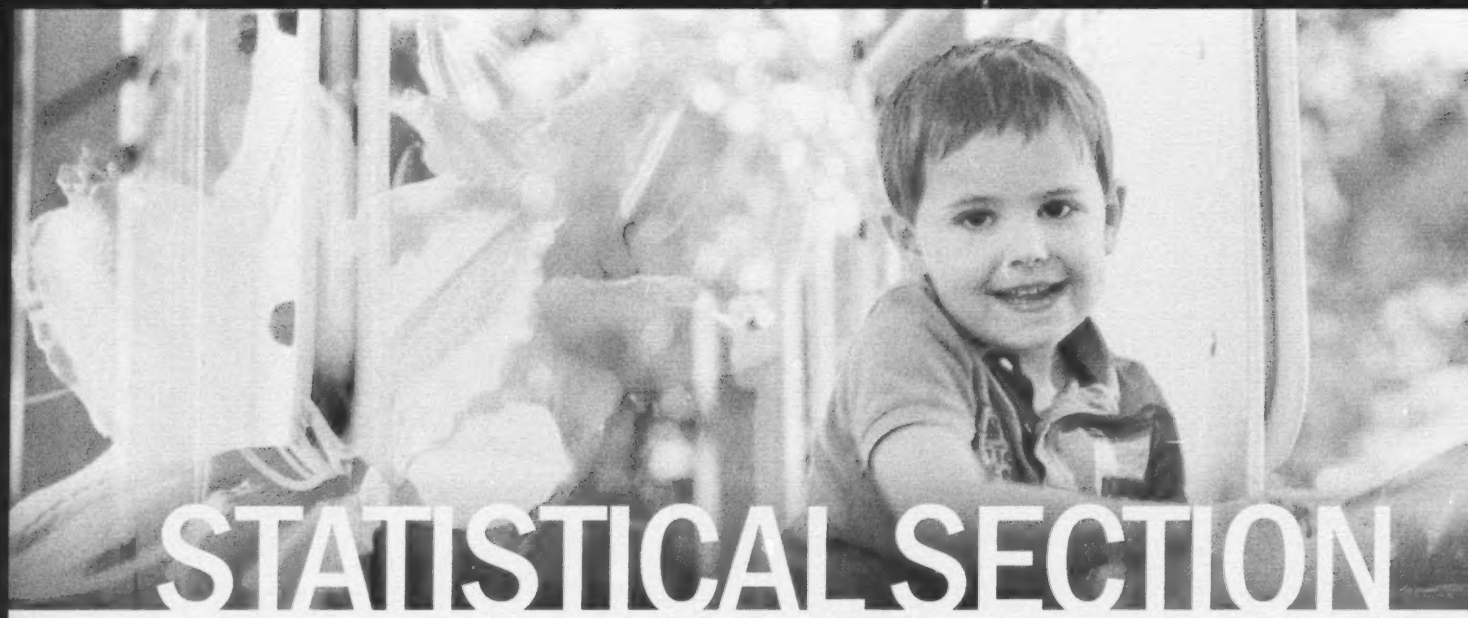
For the Year Ended December 31, 2013 (in thousands of dollars)

	2012	TRANSFERS	REDUCTIONS	2013
OPERATING RESERVES				
General Government	$ 6,231	$ 2,427	$ (1,259)	$ **7,399**
Art & Heritage Foundation	8	19	-	**27**
Children's Festival	197	2	-	**199**
Museum	82	9	-	**91**
Library	67	-	(10)	**57**
TOTAL OPERATING RESERVES	6,585	2,457	(1,269)	**7,773**
CAPITAL RESERVES				
General Government	23,772	39,277	(15,925)	**47,124**
Utilities	16,450	7,940	(5,788)	**18,602**
Library	248	291	(89)	**450**
TOTAL CAPITAL RESERVES	40,470	47,508	(21,802)	**66,176**
TOTAL RESTRICTED SURPLUS RESERVES	$ 47,055	$ 49,965	$ (23,071)	$ **73,949**

SCHEDULE 2 - SCHEDULE OF UTILITY OPERATIONS

For the Year Ended December 31, 2013 (in thousands of dollars)

	WATER	WASTEWATER	STORM	WASTE	2013	2012
REVENUE						
Sales and User Fees	$ 10,439	$ 9,637	$ 4,124	$ 5,800	**$ 30,000**	$ 28,200
Government Transfers	20	1,887	2,223	2,248	**6,378**	5,329
Fines and Penalties	42	39	16	15	**112**	105
Investment Income	89	136	245	(74)	**396**	402
Developer Contributions and Levies	3,317	1,131	-	-	**4,448**	401
TOTAL REVENUE	13,907	12,830	6,608	7,989	**41,334**	34,437
EXPENSES						
Purchases from Other Governments	3,901	4,974	-	-	**8,875**	8,462
Contracted and General Services	1,544	1,764	769	3,539	**7,616**	7,444
Amortization	1,582	997	1,108	325	**4,012**	3,976
Salaries, Wages and Benefits	1,474	1,433	355	908	**4,170**	3,965
Materials, Good and Utilities	683	193	64	53	**993**	983
Other Expenses (Recovery)	155	128	31	339	**653**	686
Loss on Disposal of Tangible Capital Assets	(19)	(1)	-	-	**(20)**	(12)
TOTAL EXPENSES	9,320	9,488	2,327	5,164	**26,299**	25,504
EXCESS OF REVENUES OVER EXPENSES BEFORE OTHER	4,587	3,342	4,281	2,825	**15,035**	8,933
OTHER						
Contributed Assets	1,052	1,474	2,137	-	**4,663**	426
EXCESS OF REVENUE OVER EXPENSES	$ 5,639	$ 4,816	$ 6,418	$ 2,825	**$ 19,698**	$ 9,359



STATISTICAL SECTION

STATISTICAL SECTION

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GENERAL STATISTICAL INFORMATION

(Unaudited)
For the Year Ended December 31, 2009 - 2013 (in thousands of dollars)

	2013	2012	2011	2010	2009
POPULATION (2)	**61,421**	60,944	61,466	60,138	58,501
NUMBER OF DWELLING UNITS (6)	**24,361**	24,001	23,569	23,306	22,843
MUNICIPAL AREA (IN HECTARES)	**4,973**	4,973	4,966	4,966	4,966
BUILDING PERMITS VALUE (IN THOUSANDS)					
Residential	**158,676**	97,580	95,214	82,342	80,763
Commercial	**42,569**	16,340	4,573	9,741	10,173
Industrial	**5,787**	21,023	14,420	21,975	41,548
Institutional	**2,405**	1,524	996	2,650	12,605
TOTAL	**209,437**	136,467	115,203	116,708	145,089
BUILDING PERMITS ISSUED					
Residential	**725**	616	614	609	625
Commercial	**74**	66	57	60	54
Industrial	**59**	44	50	37	33
Institutional	**21**	16	18	16	19
TOTAL	**879**	742	739	722	731
PARKING AREA (IN HECTARES) (3)	**510**	513	511	414	409
TAX COLLECTION RATE (PERCENTAGE)	**97.22**	97.78	97.45	97.28	97.89
LONG-TERM DEBT					
Long-Term Debt (In Thousands)	**52,858**	56,821	61,190	66,169	-
Retired Within 5 Years	**43.0**	32.0	31.0	31.0	30.0
Retired Thereafter	**57.0**	68.0	69.0	69.0	70.0
RESIDENTIAL TAX INCREASE	**2.8**	2.6	3.2	2.8	4.6
QUALITY OF LIFE SATISFACTION (4 & 5)	-	99	-	98	97
CONSUMER PRICE INDEX CHANGE (PERCENTAGE) (1)					
Alberta	**2.4**	1.1	2.4	1.0	(0.1)
Canada	**1.1**	1.5	2.9	1.8	0.3
UNEMPLOYMENT RATE (PERCENTAGE) (1)					
Alberta	**(1.2)**	4.5	4.9	5.6	6.6
Canada	**7.9**	7.0	7.5	7.8	8.3
CITY OF ST. ALBERT EMPLOYEES (7)	**575.64**	560.07	533.04	537.04	534.48

Notes can be found on the following page.

GENERAL STATISTICAL INFORMATION

(Unaudited)
For the Year Ended December 31, 2009 - 2013 (in thousands of dollars)

Notes

1. Consumer Price Index and Unemployment Rate data obtained from Statistics Canada
2. The 2012 Federal Census population was submitted to Alberta Municipal Affairs for the 2013 Official Population List
3. Provincial Parks and Urban Reserves are not included within Park Area Calculation
4. Quality of Life Satisfaction Survey is completed every two years
5. 2012 Quality of Life Satisfaction Survey was different than in 2010
6. Number of Dwelling Units is based on the 2012 Federal Census
7. Positions are stated in full-time equivalents

GENERAL FINANCIAL INFORMATION

(Unaudited)

TAXATION & ASSESSMENT

For the Year Ended December 31, 2009 - 2013

	2013	2012	2011	2010	2009
TAX RATES (IN MILLIONS)					
Municipal - Residential	**7.723**	7.631	7.316	7.504	6.788
Municipal - Non-residential	**11.357**	11.880	12.296	12.155	10.960
PUBLIC SCHOOL (PROTESTANT)					
Residential	**2.598**	2.798	2.552	2.657	2.443
Non-residential	**3.504**	3.500	3.482	3.560	3.210
SEPARATE SCHOOL (CATHOLIC)					
Residential	**2.598**	2.798	2.552	2.657	2.443
Non-residential	**3.504**	35.00	3.482	3.560	3.210
ASSESSMENT (PERCENTAGE CHANGE)					
Residential - Market Value	**1.53**	(1.81)	5.10	(6.64)	(10.47)
Residential - Growth	**2.28**	1.60	2.15	1.18	1.13
Non-residential - Market Value	**7.79**	6.41	1.47	(6.73)	9.65
Non-residential - Growth	**2.97**	3.46	5.24	0.33	5.09

GENERAL FINANCIAL INFORMATION

(Unaudited)

TAXATION & REQUISITIONS

For the Year Ended December 31, 2009 - 2013 (in thousands of dollars)

	2013	2012	2011	2010	2009
TAXATION					
Real Property Taxes	**$ 107,877**	$ 104,085	$ 98,261	$ 93,075	$ 89,376
Linear Property Taxes	**1,059**	1,139	1,132	1,115	1,134
Government Grants in Place of Property Taxes	**1,032**	1,022	1,007	873	827
TOTAL	**109,968**	106,246	100,400	95,063	91,337
REQUISITIONS					
Alberta School Foundation Fund	**27,082**	19,134	17,462	16,813	16,211
Opted Out School Board	**-**	8,355	7,632	7,477	7,397
Sturgeon Foundation Requisition	**947**	940	836	526	484
Other	**291**	284	487	446	506
TOTAL	**28,320**	28,713	26,417	25,262	24,598
TAXES AVAILABLE FOR MUNICIPAL PURPOSES	**$ 81,648**	$ 77,533	$ 73,983	$ 69,801	$ 66,739

GENERAL FINANCIAL INFORMATION

(Unaudited)

TAXABLE ASSESSMENT AND GOVERNMENT GRANTS IN PLACE OF PROPERTY TAXES

For the Year Ended December 31, 2009 - 2013 (in thousands of dollars)

	2013	2012	2011	2010	2009
TAXABLE ASSESSMENT					
Residential	**$ 8,733,438**	$ 8,410,660	$ 8,430,912	$ 7,852,882	$ 8,313,413
Commercial	**776,984**	684,622	610,102	578,046	631,404
Industrial	**333,333**	307,784	279,800	248,456	248,782
Special and Other	**74,727**	74,481	75,740	81,683	91,403
TOTAL	**9,918,382**	9,477,547	9,396,554	8,761,067	9,285,002
GOVERNMENT GRANTS IN PLACE OF PROPERTY TAXES	**74,465**	68,228	65,908	58,027	60,809
TOTAL TAXABLE ASSESSMENT AND GOVERNMENT GRANTS IN PLACE OF PROPERTY TAXES	**$ 9,992,847**	9,545,775	9,462,462	8,819,094	9,345,811
TOTAL TAXABLE ASSESSMENT AND GOVERNMENT GRANTS IN PLACE OF PROPERTY TAXES (PERCENTAGE)					
Residential	**87.4**	88.1	89.1	89.0	89.0
Commercial	**7.8**	7.2	6.4	6.6	6.8
Industrial	**3.3**	3.2	3.0	2.8	2.7
Special and Other	**0.8**	0.8	0.8	0.9	1.0
Grants in Place	**0.7**	0.7	0.7	0.7	0.7
RESIDENTIAL / NON-RESIDENTIAL SPLIT* (PERCENTAGE)					
Residential	**87.4**	88.2	89.1	89.1	89.0
Non-residential	**12.6**	11.8	10.9	10.9	11.0

* With grant in place allocated between residential and non-residential.

GENERAL FINANCIAL INFORMATION

(Unaudited)

TAX COLLECTION

For the Year Ended December 31, 2009 - 2013 (in thousands of dollars)

	2013	2012	2011	2010	2009
CURRENT LEVY	$ **110,052**	$ 106,327	$ 100,463	$ 95,130	$ 91,364
TAXES RECEIVABLE					
Current	**2,110**	1,613	1,524	1,703	1,392
In Areas for More than One Year	**947**	751	783	630	428
TOTAL	$ **3,057**	$ 2,364	$ 2,307	$ 2,343	$ 1,820
TAXES OUTSTANDING, BEFORE ALLOWANCE					
Total %	**2.78%**	2.22%	2.30%	2.46%	2.0%

Note that 14 principle taxpayers made up 5 per cent of the 2013 tax levy; therefore, no undue reliance is placed upon any one taxpayer.

TOTAL LONG-TERM DEBT AND LONG-TERM DEBT SERVICING LIMITS

For the Year Ended December 31, 2009 - 2013 (in thousands of dollars)

	2013	2012	2011	2010	2009
TAXES RECEIVABLE					
Tax Supported	$ **52,858**	$ 56,821	$ 61,190	$ 66,169	$ 70,964
TOTAL	**52,858**	56,821	61,190	66,169	70,964
TOTAL LONG-TERM DEBT					
Maximum Allowable Annual Debt Servicing	**$ 40,261**	$ 36,627	$ 33,874	$ 32,575	$ 31,367
Annual Servicing on Existing Debt	**6,000**	6,564	7,199	8,046	8,142
Amount of Limit Used (Percentage)	**15**	18	21	25	26

GENERAL FINANCIAL INFORMATION

(Unaudited)

RESTRICTED SURPLUS RESERVE BALANCES

For the Year Ended December 31, 2009 - 2013 (in thousands of dollars)

	2013	2012	2011	2010	2009
OPERATING RESERVES					
General Government	$ **7,399**	$ 6,231	$ 6,096	$ 5,725	$ 5,578
Arts & Heritage Foundation	**27**	8	21	216	199
Children's Festival	**199**	197	236	299	202
Museum	**91**	82	44	86	77
Library	**57**	67	67	67	67
TOTAL	**7,773**	6,585	6,464	6,323	6,123
CAPITAL RESERVES					
General Government	**47,124**	23,772	24,563	34,423	22,694
Utilities	**18,602**	16,450	12,902	10,474	9,014
Library	**450**	248	321	269	195
TOTAL	**66,176**	40,470	37,786	45,166	31,903
TOTAL RESTRICTED SURPLUS RESERVES	**$ 73,949**	$ 47,055	$ 44,250	$ 51,489	$ 38,026

GENERAL FINANCIAL INFORMATION

(Unaudited)

KEY COMPONENTS OF FINANCIAL POSITION

For the Year Ended December 31, 2009 - 2013 (in thousands of dollars)

	2013	2012	2011	2010	2009
Total Financial Assets	$ **128,718**	$ 107,181	$ 90,749	$ 96,393	$ 81,299
Total Financial Liabilities	**111,204**	121,873	113,336	118,036	122,904
Net Debt	**17,514**	(14,692)	(22,587)	(21,643)	(41,605)
Total Non-financial Assets	**830,275**	775,792	754,439	729,450	714,029
TOTAL	**847,789**	761,100	731,852	707,807	672,424
KEY COMPONENTS OF FINANCIAL ASSETS INCLUDE:					
Cash and Cash Equivalents	**43,015**	21,176	35,425	37,551	50,272
Investments	**72,615**	74,194	43,981	48,040	19,063
KEY COMPONENTS OF FINANCIAL LIABILITIES INCLUDE:					
Long-term Debt	**52,858**	56,821	61,190	66,169	70,964
KEY COMPONENTS OF NON-FINANCIAL ASSETS INCLUDE:					
Tangible Capital Assets	**828,880**	774,492	752,965	727,767	712,756
KEY COMPONENTS OF ACCUMULATED SURPLUS INCLUDE:					
Invested in Tangible Capital Assets	**776,022**	717,671	691,775	661,598	641,792
Restricted Surplus Reserves	$ **73,949**	$ 47,055	$ 44,250	$ 51,489	$ 38,026

	2013	2012	2011	2010	2009
ACQUISITION OF TANGIBLE CAPITAL ASSETS					
Building Improvements	**$ 1,540**	1,435	2,053	961	420
Library Collections	**509**	445	425	403	426
Leasehold Improvements	**-**	-	-	-	48
Land Improvement	**1,184**	841	2,688	5,666	3,605
Engineered Structures	**20,700**	16,309	17,722	14,913	24,421
Buildings	**(1,987)**	4,439	762	3,745	213
Machinery and Equipment	**1,881**	1,960	3,372	2,057	2,407
Land	**29,253**	1,772	17,714	4,590	7,962
Vehicles	**1,200**	1,886	1,556	1,771	10,085
Assets Under Construction	**20,265**	13,299	(822)	(306)	(2,307)
TOTAL TANGIBLE CAPITAL ASSET ACQUISITIONS	$ **74,545**	$ 42,386	$ 45,470	$ 33,800	$ 47,280

GENERAL FINANCIAL INFORMATION

(Unaudited)

REVENUE BY OBJECT, EXPENSE BY FUNCTION AND ANNUAL SURPLUS

For the Year Ended December 31, 2009 - 2013 (in thousands of dollars)

	2013	2012	2011	2010	2009
REVENUE AND OTHER					
Property Taxes	$ 81,648	$ 77,533	$ 73,983	$ 69,801	$ 66,739
Sales and User Fees	49,465	45,898	42,589	39,911	37,201
Government Transfers	37,365	27,533	22,763	41,446	29,045
Fines and Penalties	3,704	4,140	3,610	4,243	3,509
Developer Contributions and Levies	11,318	3,779	811	693	4,392
Contracted Services Revenue	2,436	2,424	2,378	2,375	-
Licences and Permits	2,846	2,125	1,782	1,705	1,870
Other Revenue	984	2,078	3,954	1,722	3,536
Franchise Fees	1,788	1,877	1,400	1,031	1,132
Investment Income	1,648	1,201	1,126	773	545
TOTAL REVENUE BY OBJECT	193,202	168,588	154,396	163,700	147,969
EXPENSE BY FUNCTION					
Protective Services	29,255	27,761	24,720	23,859	22,568
Utility Services	26,320	25,516	26,055	25,416	21,558
Recreation and Parks	23,500	23,714	23,039	22,950	22,341
Transportation and Roadway Services	23,632	21,075	21,118	18,959	18,392
General Government Services	12,222	12,268	11,121	12,087	10,974
Transit Services	12,679	11,886	11,002	10,297	9,908
Cultural Services	10,828	11,212	12,499	11,589	9,426
Planning and Development Services	3,750	3,885	3,484	4,593	3,398
Family and Social Services	2,701	2,680	2,610	2,677	2,786
Loss on Disposal of Tangible Capital Assets	206	1,436	1,023	427	(161)
TOTAL EXPENSE BY FUNCTION	145,093	141,433	136,671	132,854	121,190
ANNUAL SURPLUS	48,109	27,155	17,725	30,846	26,779
Contributed Assets	38,580	2,093	6,320	4,536	6,976
BEGINNING ACCUMULATED SURPLUS	761,100	731,852	707,807	638,670	603,672
ACCUMULATED SURPLUS, END OF YEAR	$ 847,789	$ 761,100	$ 731,852	$ 674,052	$ 637,427

GENERAL FINANCIAL INFORMATION

(Unaudited)

EXPENSES BY OBJECT

For the Year Ended December 31, 2009 - 2013 (in thousands of dollars)

	2013	2012	2011	2010	2009
Salaries, Wages and Benefits	$ **65,623**	$ 62,437	$ 58,540	$ 56,537	$ 51,888
Contracted and General Services	**23,835**	22,814	24,448	24,448	20,424
Amortization	**19,872**	19,264	19,164	19,164	17,336
Purchases from Other Governments	**16,600**	14,920	14,415	14,415	12,847
Materials, Good and Utilities	**13,910**	13,508	12,810	12,810	11,525
Transfers to Individuals & Organizations	**1,938**	2,831	2,258	2,258	3,163
Interest on Long-Term Debt	**2,557**	2,748	2,989	2,989	3,377
Other Expenses (Recovery)	**552**	1,475	1,024	1,024	791
Loss on Disposal of Tangible Capital Assets	**206**	1,436	1,023	1,023	-
TOTAL EXPENSES	$ **145,093**	$ 141,433	$ 136,671	$ 136,671	$ 121,351

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City of St. Albert
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2013 Annual Report

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